

utting  
gloss  
UK  
crime

Weekend FT

Inside section II

Rebecca Stephens:  
how I climbed Everest

Page 1

# FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND JUNE 19/JUNE 20 1993

D852SA

## London angry at Irish president's Belfast meetings



Downing Street reacted with thinly-veiled fury yesterday to a west Belfast meeting between Irish president Mary Robinson and Gerry Adams, president of Sinn Fein and apologist for the IRA. The meeting, part of a private visit, provoked outrage among Unionist politicians.

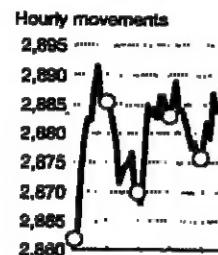
Downing Street was irritated that the meeting came only days after prime minister John Major had told his Irish counterpart Albert Reynolds of efforts to persuade the Ulster Unionists to join new talks on the pro-

ince. Page 4

Lord Lawson, the former chancellor, warned that any shift to a UK economic policy of rapid growth would inevitably produce inflation. The dragon of inflation is asleep but is not dead." Page 24

**FT-SE 100**

Hourly movements



Source: Reuters

**London stocks:**

A favourable reception for Thursday's unemployment and inflation figures helped equities. The FT-SE Index eased up 3.7 points on the day to close at 2,879.4. Heavy arbitrage dealing between stock index contracts and the underlying blue chips provided the backdrop trading. Page 15; Weekend FT, Page II

**Hong Kong talks:** China approved construction of a Hong Kong harbour scheme which forms one of nine key elements in the territory's multi-billion airport project. British negotiators are cautiously optimistic about a solution to larger issues. Page 2

**UN denies Somalia claims:** A UN military spokesman denied a claim that followers of Somali warlord Mohamed Farah Aideed were holding a number of peacekeeping troops hostage in Mogadishu. UN forces hunt Aideed. Page 2

**Emergency EC meeting called:** Denmark, current president of the European Community, is calling EC foreign ministers to Copenhagen tomorrow to discuss the Bosnian civil war ahead of the EC summit opening on Monday. Series to vote. Page 2

**Refugee rulings:** Norway upheld its policy of repatriating most Kosovo Albanian asylum-seekers in spite of opposition from human rights groups. The French parliament approved a bill restricting foreigners' right of entry and abode in France.

**Alyiyev takes over:** Former communist leader Heydar Alyiyev took over as acting president of Azerbaijan after president Abulfaz Elchibey fled the capital, Baku. Page 2

**Miramar battle:** A takeover battle was brewing for Hong Kong's Miramar Hotel and Investment, with some of the territory's biggest property market players squaring up to the fight. Page 12

**Briton faces long sentence:** Former British soldier Graham Noble, 27, captured by Serbs and charged with spying for the Croats, faces a minimum five years in jail if convicted.

**Spain buys collection:** Spain is paying \$350m (£223.3m) for the art collection of Swiss industrialist Baron Hans-Heinrich Thyssen-Bornemisza. The 750 paintings, including works by Picasso and Tintoretto, have long been on loan to Madrid.

**Crickets Australia pilled up a formidable 322 runs for four against England on the second day of the second Test Match at Lord's.**

**Where Europe isn't working**  
Millions of Europeans face long-term unemployment. As EC leaders prepare to address the problem at the Copenhagen summit, have they run out of ideas and options? The FT on Monday investigates the crisis and possible solutions.

EU STOCK MARKET INDICES		EU STERLING	
FT-SE 100	2678.4	(+3.7)	New York Incidence
Yield	4.0		S 1.847
FT-SE Financial 100	1185.72	(-4.03)	London
FT-SE All Share	1422.43	(+0.19)	1.486 (1.516)
Mitel	19,04.54	(+120.97)	DM 2512.5 (2.51)
New York Institutions			FF 8.445 (8.455)
Dow Jones Ind Ave	3515.53	(-6.39)	FR 2.246 (2.24)
S&P Composite	446.32	(-2.22)	Y 183.5 (161.5)
EU LUNCHEON RATES			E Index 78.5 (same)
EU DOLLAR		DM1.68, breaking through the top of a trading range that had prevailed since March last year.	
THE DOLLAR moved sharply higher against the D-Mark, the yen and sterling yesterday amid increasing concern over deteriorating economic conditions in Germany and the political upheaval in Japan.		There was also a dramatic reverse in the yen's sharp rise against the dollar, which has dominated currency dealing in recent weeks. After the vote of no confidence in Mr Kiichi Miyazawa's government, the yen plunged to Y109.30 against the dollar at the London close. That left the Japanese currency some 2% per cent weaker than 24 hours earlier.	
It soared to a 15-month high against the D-Mark, in spite of the Bundesbank's decision on Thursday not to cut interest rates. The dollar closed in London nearly 2½ pence higher at		Sterling also fell against the surging dollar, closing nearly 2 cents weaker against the US currency at \$1.4960.	
The yen and sterling yesterday amid increasing concern over deteriorating economic conditions in Germany and the political upheaval in Japan.		The D-Mark was increasingly beleaguered against other European currencies, falling below FF 3.36 against the French franc for the first time in 13 months.	
Under Japan's constitution, the election must be held within 40 days, meaning that the campaign period will include the Group of Seven summit, due to begin in Tokyo on July 7, at which Mr Miyazawa had hoped to impress as an international statesman.		The recent fall in the D-Mark has left the Bundesbank in a dilemma. Members of the German central bank's ruling council have talked of their concern that the deterioration in the	
After his defeat, a distressed Mr Miyazawa was compelled to dissolve the lower house, the more powerful of the two Japanese houses, and call an election. He claimed to have supported political reform, specifically an		D-Mark's value may fuel inflation.	
The no-confidence vote, proposed by three opposition parties, was prompted by an inconclusive debate over the reform of the scandal-prone political system. The government's failure to tackle the issues enraged members of Mr Hata's pro-reform faction, and the no-confidence motion was carried by 35 votes.		However, if the Bundesbank tries to preserve the value of the currency by keeping short-term interest rates at high levels, it may aggravate the German recession.	
Business leaders expressed fears last night that the country faced an extended period of political turmoil, which will limit the government's ability to cope with an economic downturn and to bring about a political reform.		In afternoon trading in the US, the dollar appreciated further, breaking through the Y110 level against the Japanese currency.	
Under Japan's constitution, the election must be held within 40 days, meaning that the campaign period will include the Group of Seven summit, due to begin in Tokyo on July 7, at which Mr Miyazawa had hoped to impress as an international statesman.		Currencies, Page 13 World stocks, Page 21	
After his defeat, a distressed Mr Miyazawa was compelled to dissolve the lower house, the more powerful of the two Japanese houses, and call an election. He claimed to have supported political reform, specifically an		Continued on Page 24 Softly, softly closures, Page 4	

Ruling LDP faction likely to form new party as snap election is forced

## Miyazawa defeat throws Japan into political turmoil

By Robert Thomson in Tokyo

JAPAN was plunged into political instability last night as the ruling Liberal Democratic party was forced to call a snap election after the humiliation of Mr Kiichi Miyazawa, the prime minister, in a no-confidence vote.

The LDP, which has ruled the country since 1955, was in chaos as members of the 35-strong faction led by Mr Tsutomu Hata, a former finance and agriculture minister, voted against the party in favour of the no-confidence motion. The Hata faction is expected to form its own political party shortly. A further 10 members from a separate LDP faction announced the formation of a political group. More defections are expected today.

The no-confidence vote, proposed by three opposition parties, was prompted by an inconclusive debate over the reform of the scandal-prone political system.

The government's failure to tackle the issues enraged members of Mr Hata's pro-reform faction, and the no-confidence motion was carried by 35 votes.

After his defeat, a distressed

Mr Miyazawa was compelled to

dissolve the lower house, the more powerful of the two Japanese houses, and call an election.

He claimed to have supported

political reform, specifically an

### JAPAN'S POLITICAL CRISIS

Page 3

- A faint smile as the knife goes in
- Positive signs in economy
- Political paralysis looms over G7 summit
- Eruption on the political landscape.....Page 9
- Lex .....Page 24

overhaul of the electoral system, but that "change was very difficult to bring about".

"What happened was very unfortunate," a dejected-looking Mr Miyazawa said. "I was called a liar but that's not true... I really thought I would be able to achieve political reform."

Under Japan's constitution, the election must be held within 40 days, meaning that the campaign period will include the Group of Seven summit, due to begin in Tokyo on July 7, at which Mr Miyazawa had hoped to impress as an international statesman.

Business leaders expressed

fears last night that the country

faced an extended period of political

turmoil, which will limit the

government's ability to cope with an

economic downturn and to bring about a political reform.

The no-confidence vote, proposed by three opposition parties,

was prompted by an inconclusive

debate over the reform of the

scandal-prone political system.

The government's failure to

tackle the issues enraged mem-

bers of Mr Hata's pro-reform

faction, and the no-confidence

motion was carried by 35 votes.

After his defeat, a distressed

Mr Miyazawa was compelled to

dissolve the lower house, the more

powerful of the two Japanese

houses, and call an election.

He claimed to have supported

political reform, specifically an

overhaul of the electoral system,

but that "change was very dif-

ficult to bring about".

"What happened was very unfor-

tunate," a dejected-looking Mr

Miyazawa said. "I was called a

liar but that's not true... I real-

ly thought I would be able to

achieve political reform."

Under Japan's constitution, the

election must be held within

40 days, meaning that the cam-

paign period will include the

Group of Seven summit, due

to begin in Tokyo on July 7, at

which Mr Miyazawa had hoped

to impress as an international

statesman.

Business leaders expressed

fears last night that the country

faced an extended period of politi-

cal turmoil, which will limit the

government's ability to cope with an

economic downturn and to bring about a political reform.

The no-confidence vote, proposed by three opposition parties,

was prompted by an inconclusive

debate over the reform of the

scandal-prone political system.

The government's failure to

tackle the issues enraged mem-

bers of Mr Hata's pro-reform

faction, and the no-confidence

motion was carried by 35 votes.

After his defeat, a distressed

Mr Miyazawa was compelled to

dissolve the lower house, the more

powerful of the two Japanese

houses, and call an election.

He claimed to have supported

political reform, specifically an

overhaul of the electoral system,

but that "change was very dif-

ficult to bring about".

"What happened was very unfor-

tunate," a dejected-looking Mr

Miyazawa said. "I was called a

liar but that's not true... I real-

ly thought I would be able to

achieve political reform."

Under Japan's constitution, the

election must be held within

40 days, meaning that the cam-

paign period will include the

# Weekend FT

SECTION II

Weekend June 19/June 20 1993

## Rebecca's story: How I climbed Everest

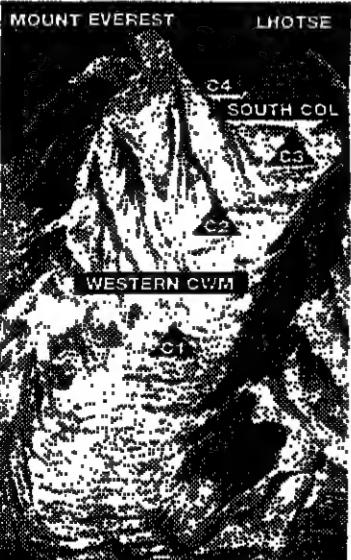
*The complexities of scaling the world's highest peak are infinite. Rebecca Stephens tells how she solved them*

**I**T WAS our last chance. Our last attempt on the summit of Everest. The season was drawing to a close - the monsoon encroaching - and talk was of cold beers in Namche Bazaar. This was it. Our last moment - and the Sherpas thought it too dangerous to climb.

"Guys, don't give up on me now. Please not now." These were my thoughts as Sherpas Ang Pasang and Kami Cheri lay huddled in a small, domed tent. Cheri Zhambu and myself were in another, positioned for a summit bid from the South Col. "There's black cloud in the valley. Not good weather. We're young," they cried.

"Well," I mused, "the perfect excuse." A large part of me thought: "I can go back to bed, put my head down, forget the whole bloody thing."

But another part of me wanted



that summit. Was making a decision always so impossibly hard? To go or not to go. It had seemed that way for as long as I could remember.

Choice is a terrible thing. Until Everest I had thought climbing easy - not physically easy, necessarily, but simple. There was only one sum to climb to the top. No buses to catch, timetables to meet; no finances to juggle, bathrooms to clean, taxmen or editors to appease. No clutter.

Everest put an end to that. Everest, by virtue of its sheer size, makes complicated all things that should be simple. Camps need to be established: tents, sleeping bags, stoves, billets, food and drinks put in place. Oxygen, too - for those who use it - needs to be positioned. And teams are large: nine roundeyes in our case, and seven Sherpas. A lot of people. A lot of variables - before counting the biggest variable of all: the weather. On a high mountain, that is crucial.

I was tired of decision-making.

Twice in the last week I had thought we should have made a bid for the summit when, in the event, circumstances for our team dictated otherwise; and twice I had watched tens of climbers ascend, and descended triumphant.

But one more chance - just one, a slim one - presented itself. We had been to Camp 4 on the South Col, retreated, and were now at Camp 2, 22,500ft, at the foot of the Lhotse Face.

Was it only yesterday, Camp 2? It felt an age. I remember John Barry, the expedition leader, saying: "It'll be a monumental test of will." He was referring to the climb, to having to retrace steps from Camp 2 to Camp 4; and he was right - almost. The hard bit was not the climb itself; it was summoning the energy

to pack my rucksack, put on my harness, my boots and crampons and set off again. So nearly I didn't bother.

The forecast was for 45 pushing 50 knot winds and I convinced myself I would be walking into failure. I would climb to the Col - that gashly, inhospitable, frightening place - only to have to retreat once more. My chance of success, I thought, was no more than one in a hundred.

"You're a realist," said Sandy Scott, our doctor. "I'd have said three to four per cent."

I was scared, too. Suddenly I

found myself in a situation in which I was talking in the first person singular. I would be alone. I had assumed, because it was the case, that John would be making a second attempt with me. But he had made his choice. He had stayed a third night on the South Col to look after another climber, Harry, who was snowblind after his oxygenless ascent. The South Col is at 26,000 ft - too high to expect to feel good. Too high, in fact, to sustain life, without oxygen, for more than a couple of days.

"But you won't be on your own," Sandy said gently. "You'll be with

Ang Pasang and Kami Cheri, and Cheri Zhambu." The Sherpas were without doubt twice as strong and twice as fast on the hill as any man I had ever met, and always smiling. But I had never climbed with them. I had never climbed with them, and it would be me making all the decisions.

"They know this mountain better

than anyone," said Sandy. Ang Pasang and Kami Cheri both had been to the South Summit several times. "And they're cautious," he said. I felt ashamed. Sandy was right. The Sherpas would look after me.

The four of us set off together from Camp 2 at Sam Dawn was just breaking. Once on our way we travelled quickly, across the head of the Khumbu glacier in the Western Cwm and up the steep Lhotse Face. I was hugely advantaged. On our first attempt we had used oxygen from Camp 3, at about 24,000ft, a little over half way up the face. The oxygen bottles were British, solid and strong to meet British standards, which was great, except that each bottle weighed a hefty 6.5kg, and that was without the brass attachments, regulator and mask.

For the second attempt we handed over an astronomical sum

of money to the New Zealanders for their spare titanium bottles, made in Russia. They were the best: small, simple to use, and most important, light. I had plenty of them. I plugged in at Camp 2 and shot up the fixed ropes to Camp 3 in under four hours. Previously, my best time, without oxygen, had been 5½ hours.

We stopped for a quick brew in our tent at Camp 3, perched on the tiniest snowy shelf between seracs, and then went on our way, across

the Lhotse Face - just a walk really

- and up and over the Geneva Spur to the South Col.

Cheri Zhambu and I were on the Col by 1pm. We were last. Ang Pasang and Kami Cheri had raced ahead and were already ensconced in their tent, brewing us tea.

I loved watching them. They were

so dextrous. They were small -

5ft 2in. But the efficiency of their movements amazed me. The tent I shared with Cheri Zhambu was full of snow, littered with food wrappings and sort of crescent-shaped

it had been domed once - in fact

the last time that I was in it - but the poles had buckled in the wind

and the canvas collapsed. It was

chance and yet Cheri Zhambu managed

to sort the oxygen, dry his feet, man the radio and half exit the tent to collect snow for a brew, all

without knocking over the "boil-in-a-bag" warming on the stove in the corner. I did nothing. I was not allowed to.

Seven pm and we put our heads down, just for a couple of hours.

Didn't sleep, just rested.

"Cheri Zhambu," I whispered.

He stirred.

"Cheri Zhambu, there's no wind."

I could hardly believe it: the forecast was as wrong as it was possible to be.

Cheri Zhambu sat bolt upright - it was 10pm, we planned to leave at 11pm - and immediately lit the stove for a brew.

It takes a while, all this brewing,

collecting and melting snow, but an hour or so passed and I got the distinct impression something was up. The Sherpas - Ang Pasang and Kami Cheri in the other tent, and Cheri Zhambu in mine - were talking among themselves in Nepali.

"What's up?" I asked Cheri

Zhambu.

"Weather not good."

"But there's no wind," I retorted.

I stuck my head out of the tent: the mountain was clear, the sky full of stars.

"Ang Pasang says black cloud in valley. Too dangerous."

There was only one thing for it. I put on my boots, tripped out of my tent and into theirs.

"Ang Pasang?"

"Black cloud dangerous," he said.

"We're young."

Continued on Page XII

### CONTENTS

Finance & Family : BT offer: whether, where and how to buy III

How To Spend It: Britain's hottest young furniture designers VIII

Travels: Two-page special on the world's great train journeys X-XI

Gardening: Keeping your roses under control XVI

Arts: William Packer visits the Venice Biennale XX

Interview: Christian Tyler meets Pierre Sané of Amnesty XXII

Arts Books Bridge & Chess Crossword Fashion Finance & the Family Food & Drink XX-XXI

Frock-watching at Ascot: the best and brightest summer fashions IX-X

Gardening How To Spend It Markets Minding Your Own Business Money Morgan Private View Sport Travel TV & Radio X-XI

Business & Finance: BT offer: whether, where and how to buy III

How To Spend It: Britain's hottest young furniture designers VIII

Travels: Two-page special on the world's great train journeys X-XI

Gardening: Keeping your roses under control XVI

Arts: William Packer visits the Venice Biennale XX

Interview: Christian Tyler meets Pierre Sané of Amnesty XXII

Arts Books Bridge & Chess Crossword Fashion Finance & the Family Food & Drink XX-XXI

Frock-watching at Ascot: the best and brightest summer fashions IX-X

Gardening How To Spend It Markets Minding Your Own Business Money Morgan Private View Sport Travel TV & Radio X-XI

Business & Finance: BT offer: whether, where and how to buy III

How To Spend It: Britain's hottest young furniture designers VIII

Travels: Two-page special on the world's great train journeys X-XI

Gardening: Keeping your roses under control XVI

Arts: William Packer visits the Venice Biennale XX

Interview: Christian Tyler meets Pierre Sané of Amnesty XXII

Arts Books Bridge & Chess Crossword Fashion Finance & the Family Food & Drink XX-XXI

Business & Finance: BT offer: whether, where and how to buy III

How To Spend It: Britain's hottest young furniture designers VIII

Travels: Two-page special on the world's great train journeys X-XI

Gardening: Keeping your roses under control XVI

Arts: William Packer visits the Venice Biennale XX

Interview: Christian Tyler meets Pierre Sané of Amnesty XXII

Arts Books Bridge & Chess Crossword Fashion Finance & the Family Food & Drink XX-XXI

Business & Finance: BT offer: whether, where and how to buy III

How To Spend It: Britain's hottest young furniture designers VIII

Travels: Two-page special on the world's great train journeys X-XI

Gardening: Keeping your roses under control XVI

Arts: William Packer visits the Venice Biennale XX

Interview: Christian Tyler meets Pierre Sané of Amnesty XXII

Arts Books Bridge & Chess Crossword Fashion Finance & the Family Food & Drink XX-XXI

Business & Finance: BT offer: whether, where and how to buy III

How To Spend It: Britain's hottest young furniture designers VIII

Travels: Two-page special on the world's great train journeys X-XI

Gardening: Keeping your roses under control XVI

Arts: William Packer visits the Venice Biennale XX

Interview: Christian Tyler meets Pierre Sané of Amnesty XXII

Arts Books Bridge & Chess Crossword Fashion Finance & the Family Food & Drink XX-XXI

Business & Finance: BT offer: whether, where and how to buy III

How To Spend It: Britain's hottest young furniture designers VIII

Travels: Two-page special on the world's great train journeys X-XI

Gardening: Keeping your roses under control XVI

Arts: William Packer visits the Venice Biennale XX

Interview: Christian Tyler meets Pierre Sané of Amnesty XXII

Arts Books Bridge & Chess Crossword Fashion Finance & the Family Food & Drink XX-XXI

Business & Finance: BT offer: whether, where and how to buy III

How To Spend It: Britain's hottest young furniture designers VIII

Travels: Two-page special on the world's great train journeys X-XI

Gardening: Keeping your roses under control XVI

Arts: William Packer visits the Venice Biennale XX

Interview: Christian Tyler meets Pierre Sané of Amnesty XXII

Arts Books Bridge & Chess Crossword Fashion Finance & the Family Food & Drink XX-XXI

Business & Finance: BT offer: whether, where and how to buy III

How To Spend It: Britain's hottest young furniture designers VIII

Travels: Two-page special on the world's great train journeys X-XI

Gardening: Keeping your roses under control XVI

Arts: William Packer visits the Venice Biennale XX

Interview: Christian Tyler meets Pierre Sané of Amnesty XXII

Arts Books Bridge & Chess Crossword Fashion Finance & the Family Food & Drink XX-XXI

Business & Finance: BT offer: whether, where and how to buy III

How To Spend It: Britain's hottest young furniture designers VIII

Travels: Two-page special on the world's great train journeys X-XI

Gardening: Keeping your roses under control XVI

Arts: William Packer visits the Venice Biennale XX

Interview: Christian Tyler meets Pierre Sané of Amnesty XXII

Arts Books Bridge & Chess Crossword Fashion Finance & the Family Food & Drink XX-XXI

Business & Finance: BT offer: whether, where and how to buy III

How To Spend It: Britain's hottest young furniture designers VIII

## MARKETS

London

# Chancellor dances on his bed of nails

By Maggie Urry

**T**HE PICTURE of the week was of Theo Waigel, the German finance minister, walking on a bed of nails at the annual Chancellor children's party.

He had rolled up the trousers of his double-breasted suit and removed his shoes and socks. He even looked happy, grinning and spreading his arms wide. No doubt the children were rather impressed too.

Of course, walking on nails is a confidence trick. At a similar event in London this week, Britain's new finance minister accomplished another.

Kenneth Clarke's performance at the Mansion House dinner on Tuesday was an equal display of bravura. He stood on the metaphorical bed of nails, managing to say nothing while giving the impression of doing something really quite difficult, and drawing the admiration of the crowd.

His instincts, he assured the assembled party-goers, are tax cutting instincts - he did not bother to remind anyone that taxes will rise even if no new increases are announced in the November budget. Meanwhile,

public spending - if the cabinet can stick to its collective hymn sheet, which seems to be open at *All Things Bright and Beautiful* - is to be tightly controlled.

While Clarke did not unpack a new economic policy when he moved to Number 11 Downing Street, he has brought a new tone. It is one of confidence, and was backed up this week by a bunch of economic statistics which on the whole suggest that the recovery is gathering strength, without reviving inflation.

The truth is, as Norman Lamont knows only too well, that Clarke can sit on his hands and still expect to be hailed as the best chancellor of the exchequer for many a year.

The economy is reviving, unemployment has fallen for a fourth month in a row, and inflation is low. So long as inflation is held in check - which could be achieved by allowing sterling to appreciate gently - everything in Clarke's garden could indeed be looking lovely; so much so that he will be looking over the wall into Number 10.

Economists had already been

upgrading forecasts for economic growth this year and next in a quiet way. Higher growth rates make the government's tax and spending numbers look much better.

Yesterday BTW, the stockbroker, cut its forecast of the government's borrowing requirement for this financial year and next's. The reduction for 1993-94 is from a forecast of £25bn to £25bn, still a formidable total but every £2bn looks much better.

Nick Knight, of Nomura Research Institute, the Japanese securities house, is as usual more bullish. Next week he heads for Tokyo to tell investors there to pile into the UK markets, impishly suggesting that Nippon Life could fund the whale of this year's PSBR through one bought deal.

The confidence trick seems to be working in the foreign exchange markets too, with sterling peaking up this week and topping DM 2.50. There was even talk of another base rate cut coming, although peripherally the better the news on the recovery the less the chance of interest rates falling.

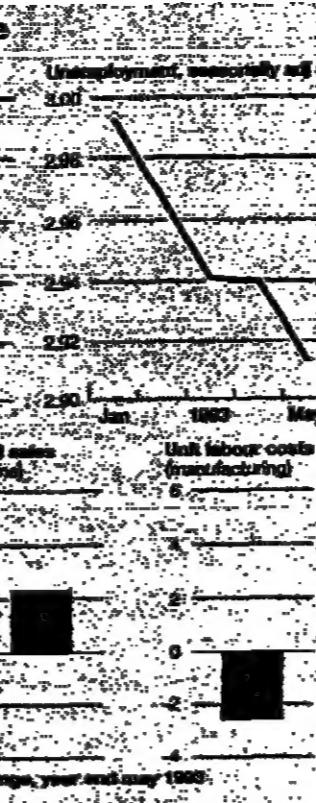
A happier gilt market gives support to equities too, where yields of around 4 per cent are still high relative to inflation. And revised economic growth forecasts should push up earnings estimates.

It is perhaps curious that the Footsie index has only risen 17.6 points this week. But that can be put down to the approaching half year end, with fund managers delaying action until after the valuations have been fixed.

It might also reflect concern about amount of new shares coming on offer. The £5bn-plus BT 3 share sale is looming larger since the discounts and incentives for retail investors were announced on Monday.

The Stock Exchange and SG Warburg, the securities firm which is organising the sale, spent much of the week arguing behind the scenes over whether BT shares should be traded mainly on a cash settlement basis in the run up to the sale.

Warburg wanted deals to be



All this is wonderful news for the gilt-edged market which has had a good week. Low inflation - only 1.3 per cent on the RPI measure - means yields of 3% per cent or so attractive. Japanese long bonds yield 4% per cent, and Japan does not even have a prime minister.

A happier gilt market gives support to equities too, where yields of around 4 per cent are still high relative to inflation. And revised economic growth forecasts should push up earnings estimates.

It is perhaps curious that the Footsie index has only risen 17.6 points this week. But that can be put down to the approaching half year end, with fund managers delaying action until after the valuations have been fixed.

It might also reflect concern about amount of new shares coming on offer. The £5bn-plus BT 3 share sale is looming larger since the discounts and incentives for retail investors were announced on Monday.

The Stock Exchange and SG Warburg, the securities firm which is organising the sale, spent much of the week arguing behind the scenes over whether BT shares should be traded mainly on a cash settlement basis in the run up to the sale.

Warburg wanted deals to be

done that way so it could see just what the big investors were up to in the shares - particularly who was selling shares in the hopes of buying back cheaper in the sale.

Warburg, which has been remarkably successful in winning privatisation business could have punished short sellers by allocating fewer shares to them.

At first the Stock Exchange seemed to be going along with the idea. By Friday, though, the Stock Exchange had back pedalled somewhat after institutional investors threw a collective wobbly.

The Exchange then demanded that from Monday until the sale date of July 16, bargains of over 100,000 shares must be notified to the Stock Exchange.

Warburg's other issue, the £1.3bn Zeneca rights which closes on Monday, was looking distinctly more cheerful by Friday night, with the shares closing at 62p compared the 60p rights price. And MEPC was the last of the big seven property companies to raise new equity this year, with a £221.9m rights issue taking the total to over £1bn. If that seems a lot, it is worth noting that a sausage skin manufacturer can be valued at £224m - as Devro International was earlier this week.

There are further risks. The current government could impose a tougher regulatory regime on the utilities, perhaps in response to consumer unrest about excess profits or higher prices. A Labour government could even renationalise part

## Serious Money

# Utilities and the lure of income

By Philip Coggan, personal finance editor

**P**RIVATE INVESTORS have come to know and love the utilities sector. In part, this is because it consists almost entirely of privatised companies, which the government has done its best to sell at an attractive price (see the package on BT on page III). But it is also because the nature of the businesses, providing everyday needs such as electricity and water to everybody, helps protect against the cyclical downturns that afflict other sectors such as retailing.

So a portfolio of utility stocks would seem a natural choice for the private investor. Hence the launch this week of Johnson Fry's Utilities Trust.

When writing about new issues last week, I suggested that investors should always look to see if there was an existing trust covering the same field trading at a discount. This caveat does not apply to the Johnson Fry fund, since there is no existing investment trust specialising in utilities.

Perhaps that is surprising, although the utilities sector is still relatively new. Cazenove has launched a unit trust with a high utility content earlier this year. Garmore also has a utility unit trust.

Both the Cazenove and the Johnson Fry funds focus on one particular aspect of the utilities' attractions: their ability to pay high and increasing dividends. With many private investors desperate for income at a time of 6 per cent base rates, this is a natural marketing ploy.

However, the quality of the dividends paid by utilities has already been recognised by the stock market, with the result that yields in the sector have fallen. Cazenove addressed this problem by topping up with bonds. Johnson Fry is achieving the same end by using preference shares.

The Johnson Fry trust also intends to earn extra income in the options market. It will

write call options (giving other people the right to buy shares at a set price) against part of its utility holdings. This will earn premium income, but it does not mean that the trust may have to give up some capital growth.

But even these devices were not enough. The higher the income you can offer these days, the more money you can raise. The portfolio Johnson Fry is assembling will yield 7.7 per cent (6.75 per cent after charges). By giving the trust a split capital structure, Johnson Fry can boost the income to 9 per cent.

How is this magic achieved?

All the revenue will flow to the income shares which constitute three quarters of the trust.

So instead of revenue of £6.75 being earned on £100 of capital, the same revenue is earned on £7.50, giving a 9 per cent yield.

Put those shares into a Personal Equity Plan, and you have an appealing return.

You cannot, of course, have something for nothing. The other class of shares in the trust is a zero dividend preference share, which has first claim on the assets. The trust's assets must grow at 3.7 per cent for the income shareholders to expect repayment in 2003 at 100p. That may not seem a daunting rate but remember that 25 per cent of the trust is in fixed rate preference shares, which are unlikely to grow at all. So in effect, the required growth rate from the utility portion of the portfolio is 5 per cent.

Those who need immediate income will probably ignore the zeros. They could, in theory, buy a large chunk of zeros, sell 5 per cent each year, and take the proceeds as income. Whether this makes sense depends on the dealing costs.

Are the income shares worth buying? If held in a PEP, they attract an extra charge of 2%, which reduces the yield on £6,000 to 8.5 per cent. Viewed purely as an income play, that is reasonably appealing. It is higher than the 7 per cent yield on the Cazenove unit trust, although that fund is less exposed to the risk of capital loss.

of the sector. Doubts must also exist about how well the trust will perform, given that Johnson Fry has no record in the investment trust field.

One aspect of the issue which may appeal is the chance to convert old privatised utility holdings into income shares. Such old holdings can, of course, be sold through a conventional stockbroker but, given the small size of the allocations in privatisations, minimum dealing commissions can take a hefty bite out of the proceeds.

Johnson Fry will buy utility holdings at the bid price at no dealing cost. However, it will only perform this service for those who are investing £1,000 in cash, on top of any exchanged shares.

What about the zeros? They offer a redemption yield of 9 per cent, if held until the trust's anticipated wind-up date in 2003. The return on the zeros is taxed as capital gain, not income, and so may well appeal to higher rate taxpayers who have not used up their annual CGT allowance (£10,000 in 1993-94). Furthermore, the zeros look very safe. The trust will have more than enough assets at outset to repay the zeros at their final redemption value - the cover figure (to use the industry jargon) will be 100 per cent.

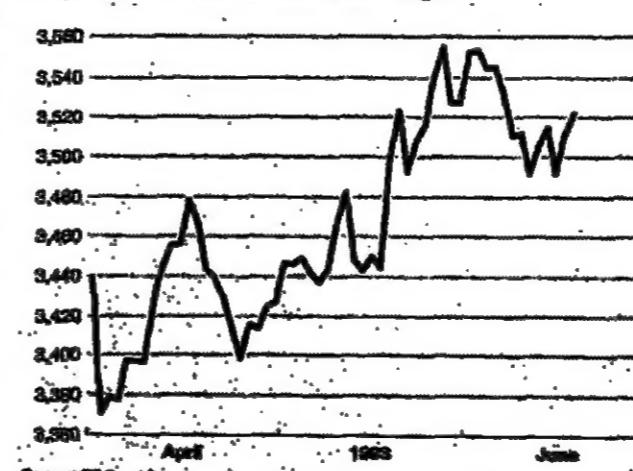
Those who need immediate income will probably ignore the zeros. They could, in theory, buy a large chunk of zeros, sell 5 per cent each year, and take the proceeds as income. Whether this makes sense depends on the dealing costs.

Are the income shares worth buying? If held in a PEP, they attract an extra charge of 2%, which reduces the yield on £6,000 to 8.5 per cent. Viewed purely as an income play, that is reasonably appealing. It is higher than the 7 per cent yield on the Cazenove unit trust, although that fund is less exposed to the risk of capital loss.

## Wall Street

# Scare stories put a little fizz into trading

## Dow Jones Industrial Average



in May, which was continuing into June, and said international performance was "very weak". USAir warned that it would show after-tax losses for both the quarter and 1993 as a whole.

The warnings sent airline stocks in general sharply lower, since it dashed hopes that the business was finally turning the corner after nearly three years of record losses.

H.J. Heinz, the foods group, found its stock under pressure after it announced a \$192m pre-tax charge against fourth-quarter earnings to pay for a range of cost-cutting moves, involving an 8 per cent cut in its worldwide workforce of 35,500.

Tony O'Reilly, Heinz's chairman, said this would help speed up productivity improvements and concentrate a three-year rationalisation programme into a year. But analysts said the action was a sign of the price pressures being put on big consumer products companies by the extremely competitive retailing industry, and several lowered their forecasts of Heinz's 1994 earnings.

Kay Whitmore, the embattled

chairman of photographic products group Eastman Kodak, scarcely got a more enthusiastic reception on Wall Street when he announced plans to spin off the group's chemicals company as a separately quoted company.

Whitmore is facing strong shareholder pressure to improve Kodak's lacklustre earnings and analysts had long urged him to dispose of the chemicals business. So when the announcement finally came, it was distinctly anti-climatic and was seen as one small step in the group's struggle to turn around.

The spin-off is just an hors d'oeuvre, designed to satiate Wall Street's hunger for action before Whitmore unveils his master plan for Kodak in September. But if that fails to impress, there will be some real flashing of sharp instruments.

**Martin Dickson**

Monday 3514.89 + 9.65  
Tuesday 3492.00 - 22.69  
Wednesday 3511.65 + 13.85  
Thursday 3521.59 + 10.34

## The Bottom Line

# Kenneth Clarke's very own smokescreen

**F**EW SPEECHES have received such an absurd degree of undeserved attention as this week's peroration in the Guildhall from Kenneth Clarke.

I say this without any disrespect to the new chancellor who charmed the City dignitaries while offering no obvious hostages to fortune. The point is rather that expectations of the man, whether for good or ill, are wildly overblown.

One group, with a strong anti-inflationary bias, is busy looking between the lines for evidence that Clarke will prove a worthy successor to Maudling, Barber and Lawson. The people who worry about another inflationary dash for growth have plenty of history on their side, together with intellectual underpinning from public choice theorists.

These are the academics who talk about the economics of politics and refer to people in Whitehall as rational utility maximisers - ie, a bunch of blackguards who cynically manipulate the system in their

own personal and political interests.

The same academics also worry about a politically engineered business cycle and throw in a good economic argument in support. While it is widely accepted that there is no long term trade-off between inflation and unemployment, there is undoubtedly a short term trade-off. This the politicians can exploit for electoral advantage at the cost of more inflation later for the same level of output. An independent central bank would help correct the in-built inflationary bias.

As for the pro-growth lobby, its members can reasonably argue that global community inflation is no longer a pressing threat. Moreover, electorates and markets have grown wise to the ways of politicians, which makes it harder for them to debauch the currency anyway.

Moreover, the central perception of public choice theory that governments create budget surpluses less readily than they create deficits is irrelevant when all the leading economies bar Japan are already substantially in deficit. How will Clarke use fiscal policy to maximise his personal utility, starting with a budget deficit equivalent to 8 per cent of GDP?

As for monetary policy, the striking feature of its workings in the US, which has a huge overhang of debt, is that successive reductions in interest rates and continuing dollar weakness have failed to spring more than a modest and fragile recovery.

Britain looks set for a similar experience. With 14m or more labouring under the burden of mortgages that exceed the value of their homes, it will take much more than another point of the mortgage rate to bring back the house price spiral.

No will last September's devaluation have much inflationary fall-out when Germany is casting a deflationary spell over Europe, the dynamic Asian economies are beginning to impose painful structural adjustment on the Community

and supply is utterly elastic. As Brian Reading, of Lombard Street Research, remarked, we have the very opposite of too much money chasing too few goods.

This does not mean the inflation threat has gone for ever. But it certainly looks premature. Indeed, it is hard to conceive of a worse moment to unleash an independent central bank, whatever the intrinsic merits.

As for growth, it stems ultimately from the cost-conscious pursuit of productivity. Few chancellors manage to be cost-conscious, whatever their aspirations and rhetoric. None can enhance productivity directly.

In short, neither conspiracy nor salvation is wholly within Clarke's gift. But he can always change the price of a pint and a cheap cigar.

**John Plender**

## Political uncertainty depresses Nikkei

Uncertainty over the Japanese political situation this week pushed the Nikkei share index under the 20,000 mark for the first time since April 26. Kichiro Miyazawa, the Japanese prime minister, lost a parliamentary vote of no confidence on Friday. Parliament was dissolved, and a snap election is now due to be called by the end of July. The news came after the close of the Tokyo stock exchange, but jittery talk in the run-up to the confidence vote depressed the Nikkei share index, which closed down 12.97 at 19,804.54 on Friday.

Further large falls are not expected as political factors have already been discounted. The yen continued to weaken against the dollar.

## Dollar strengthens against DM

The US dollar strengthened against the DM this week and hit its highest level since March 1992, in spite of US economic indicators which might have been expected to weaken the currency. By Friday afternoon the dollar was up 54 pennies on the week at DM1.5785 after finally breaking through the DM1.57 barrier which had defeated it during rallies earlier in the year. Speculation has been growing that the DM is losing its status as the anchor currency in the ERM.

Comments made last week by George Soros, the global investor, that the DM was suffering from long-term weakness, also influenced the market.

## Unit trusts win tax concession

The unit trust industry scored a success this week after intensive lobbying. Stephen Dornell, financial secretary to the treasury, committed the government to introduce legislation in the next Finance Bill to allow unit trusts to pay income gross to non-UK residents. This would allow onshore UK trusts to compete with other collective funds, based in Luxembourg and Dublin. The government also decided to remove an anomaly, relating to the change in advance corporation tax in this year's Budget, which might have led to the sale of substantial unit trust holdings by UK life companies.

## Halifax increases Maxim charges

Halifax building society is raising charges its Maxim current account but has avoided imposing charges



E  
G  
E  
S  
S  
E  
N  
Z  
I  
N  
G  
C  
U  
N  
I  
T  
Y

TOP PERFORMER IN BONDS

# NO. 1 GLOBAL BOND FUND\*

## OVER FIVE YEARS

GUINNESS FLIGHT  
GLOBAL BOND FUND\*

	1 Year	2 Years	5 Years	7 Years	10 Years
£	15.0	34.7	62.0	77.0	108.5
US\$	22.0	43.9	52.0	66.8	98.8
Yield	188.1	166.8	188.1	166.8	188.1

Source: Micropal. All figures to 1/4/93. Offer to invest prices referenced.

International bond fund investment still makes good sense in today's climate of low interest rates and low inflation.

The Guinness Flight Global Bond Fund is the top performing fund over the last five years out of the 63 offshore global fixed interest funds monitored by Micropal.

Furthermore, it has top quartile performance in its sector over 1, 2, 3, 4, 5, 6 and 7 years as well as since its launch in December 1988.

The fund is one of Guinness Flight's 15 offshore bond funds and bond unit trusts, currently worth over £315 million (US\$490 million).

For further information, complete the coupon or call Jamie Kilpatrick on 0481 712176.



Please return to Guinness Flight Fund Managers (Guernsey) Limited, Guernsey Flight House, PO Box 130, La Plaiderie, St Peter Port, Guernsey, Channel Islands. Tel 0481 712176. Fax 0481 712055.

Title \_\_\_\_\_ Initials \_\_\_\_\_ Name \_\_\_\_\_

Address \_\_\_\_\_ Country \_\_\_\_\_

Post performance of and necessarily a prior to the future. The value of this investment and the income arising from it may fall as well as rise and is not guaranteed. This fund may hold more than 35% of its property in Government Securities and other public securities issued by the same issuer, details of which may be found in the fund's prospectus. This fund is a sub-fund of the Guinness Global Strategic Fund Limited, issued by Guinness Flight Global Asset Management Ltd, a member of IMRO and Lazard Fréres Investment Advisor to Guinness Flight Global Strategic Fund Limited - a business of Lazard Fréres &amp; Cie, Investment Advisor to the Lazard Fréres &amp; Cie International Fund and to the Lazard Fréres &amp; Cie International Fund under section 10 of the UK Financial Services Act 1986.



## A UNIQUE OPPORTUNITY TO SUPPORT EDUCATION.

Does your company wish to help a school help itself?

We aim to build a sixth form centre for the growing number of our students wishing to continue with their education.

We have place and a target date for completion.

Will you help us achieve our objective?

We are a registered Charity (No. 1010499)

Please telephone or write for a copy of the Brochure giving further details of our plans to Peter Bratton, Headmaster, HOVE PARK SCHOOL, Nevill Road, Hove, East Sussex BN3 7BN. Telephone 0273-733576/730290. Fax 0273-730011

## THE BUSINESS SECTION

appear every Tuesday &amp; Saturday.

To advertise please contact Karl Leyton on 071-673 4780 or write to him at The Financial Times, One Southwark Bridge, London SE1 9HL.

# The things that make you think of England. Thick cut marmalade, toasted muffins and Foreign & Colonial's outstanding performance.

The Foreign &amp; Colonial Investment Trust 1992 report has just been published.

Net assets are up 22%.

The dividend's increased by 5% - the 22nd annual increase.

£1,000 invested on 31st December 1945 is today worth £677,973\*.

£5,000 invested ten years ago is now worth £29,426\*.

In these days of frustratingly low interest rates, Foreign &amp; Colonial are the people to talk to.

From just £25 a month, you can invest in the world's stockmarkets through our Private Investor Plan.

Our telephone number is 44 71 628 8000 or you can write to the address below.

## Share in the success.

24 HOUR PHONE SERVICE 44 734 344447

Foreign Colonial

## INVESTMENT TRUSTS

For a copy of our Private Investor Plan brochure and application form, send this coupon to: Foreign &amp; Colonial Management Limited, PO Box 2, Twyford, Berkshire RG10 9NW, England.

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

POSTCODE \_\_\_\_\_

CFT 1992/93

\*Calculation by Foreign &amp; Colonial Management Ltd using mid-market prices, net income reinvested up to 31.3.93, includes historical 1.5% nominal expenses.

Current charges are 0.2% commission and 0.5% Government stamp duty (minimum 50p). Foreign &amp; Colonial Management Ltd is manager of twelve

Foreign &amp; Colonial Investment Trusts and a member of IMRO. The value of shares can fall as well as rise and investors may not get back the amount invested.

Past performance is no guide to the future.

## FINANCE AND THE FAMILY

# Loan-back boost

**I**NVESTORS in loan-back business expansion schemes, who feared retrospective legislation to ban the schemes, will be pleased that proposed amendments to the Finance Bill were ruled out of order this week. Loan-back schemes allowed investors to exit from investments after six months instead of five years.

The most radical proposal was put forward by Michael Stern, Conservative MP for Bristol North West, who said he was concerned about tax avoidance measures.

Stern said this week he had feared Labour could win a vote on retrospective legislation to ban the schemes at committee stage, as some Tory MPs would be ineligible to vote because of their own investment in loan-back EBS schemes.

He tabled a proposal which he expected to be acceptable to Labour, with the intention of withdrawing it to pre-empt a similar proposal from them.

Labour said Stern's comments were "complete rub-

bish" and that it knew that retrospective legislation of this type would not be acceptable. Its own more modest proposals to kickstart it by up to a fortnight before the Budget were also ruled out of order.

However, the 3,000 or so investors in two schemes issued by National Westminster bank and BZW, will be disappointed that John Watts, Conservative MP and chairman of the Treasury select committee, withdrew a proposal which would have made the schemes eligible for tax relief.

Although shares in the two schemes had been allotted by the Budget deadline, the Inland Revenue says they were not issued because the shareholdings were not listed in the companies' register of members by the Budget deadline.

Watts' proposal was that the word "issued" should be changed to "allotted". He withdrew the proposal because he did not think the committee atmosphere conducive to a favourable outcome.

NatWest and BZW said this

week that they were continuing their legal action against the Inland Revenue to try to reverse its decision that the schemes are ineligible for tax relief.

New EBS offers this week include a contracted exit and a trading scheme. Lady Margaret Temanics sponsored by Capital Ventures aims to raise £10m to buy houses in Cambridge from St John's college. Investors are given a contracted exit of £1.17 for each £1 invested after five years.

Smiles Traditional Inns, sponsored by Rowan Dartington, will buy six to eight pubs in the Bristol/Avon area under an agreement with Smiles Brewing. The latter has been given an option to buy the pub so that investors will receive a cash distribution of 175p per 100p invested. If Smiles does not exercise the option, it is proposed the company be liquidated.

**Scheherazade Daneshkhur**

## TAKE-OVER BIDS AND MERGERS

Company	Value of bid per share*	Market price**	Price before bid***	Value added	Broker
<i>Prices in pence unless otherwise indicated</i>					
Aberdeen Past. I	17*	17.6	16	5.3%	Paribas
Buckingham Past. I	21*	21.6	41.6	-54.3%	ABN-Amro
Brudenell House I	50*	50	54	-8.0%	Alco Standard
Lee (Arden) I	180.15	400	250	45.9%	Hambros
Leeds I	83	159	135	21.1%	Carlo Esp. Grp.
Scotguard I	270*	303	185	51.1%	McKenna
TIP Europe I	42*	41.6	25.6	71.2%	HS Capital
Tradeco TV I	69*	6	5	1.7%	Cahn Energy
Thomas TV I	207*	193	175	8.2%	Pearson
Watts Estate	420.5	361	323	11.7%	Stobart

\*All cash offer. \*\*Cash alternative. \*\*\*Offer cashed but already held. \*\*\*\*Unconditional. \*\*\*\*\*Based on 220p per share. 1989/90. (Shares and cash) 1990/91. (Pct) 1990/91. (Price in Pounds)

## FINANCE AND THE FAMILY

MERGING stock markets are potentially one of the most exciting investment areas. They consist of the stock markets of developing countries, mainly in Latin America and south east Asia, which many experts believe may offer higher returns than the developed markets of the UK, US and Europe.

The arguments are that developing economies are growing faster than those in the developed world; that their economies are liberalising and encouraging foreign investment; and that they are starting to develop domestic investment institutions (such as pension funds) which will support a flourishing stock market.

With these extra returns come extra risks. Some economies are prone to inflation; others to political instability. Traditions such as audited accounts, the idea that companies are run for the benefit of shareholders, not managers, are not so well entrenched. The markets are less liquid making it harder to buy and sell stocks.

Private investors can best tap the potential of emerging markets via one of the unit and investment trusts specialising in the area. There are arguments for and against both vehicles. The illiquid nature of emerging markets can prove a problem for unit trusts; the need to obtain cash to meet redemptions may force the manager to sell his best holdings at the wrong time.

For an investment trust, emerging markets can go in and out of fashion. When markets are fashionable, trusts often trade at a premium to net assets; that is, investors must pay, say, 105p to buy 100p of assets. But when markets fall from grace, funds can slump to wide discounts, as investors in many of the offshore closed end funds have found.

These problems and risks are more acute for single country funds. First time investors would be better off looking at one of the global or regional, emerging market funds with a diversified portfolio.

There are seven emerging markets investment trusts in issue, although John Govett is now launching another and Kleinwort is expected to follow. The largest (and the best performing over the last three years) is Templeton Emerging Markets, with a return of 10.2 per cent over the period (mid-market to mid-market with income reinvested).

# The emerging stars of tomorrow

*Philip Coggan, Scheherazade Daneshkhu and Bethan Hutton on the high-risk, high-reward markets*

However, Templeton is trading at a premium, indicating that there is demand for more issues in this area. The Govett fund, sponsored by Hoare Govett Asia, is offering 30m ordinary shares at 100p each, with warrants attached on a one for five basis. The costs of the issue are 4.8 per cent and the annual management fee is 1.25 per cent; minimum subscription is £2,500.

Emerging market unit trusts are included in the international equity growth sector. City of London Emerging Markets is top over one year, with growth of 56.9 per cent (offer-to-bit with income reinvested). It is unusual in that it invests directly in equities, but in other managers' closed end single country funds. Prospect Emerging Markets is top of the sector over five years, with growth of 187.3 per cent.

For those seeking exposure to individual countries, there are a number of single country Asian funds such as Save & Prosper China Dragon and Providence Capitol Thailand.

Asia attracts a large proportion of emerging markets investment. Strong economic growth is predicted both this year and next - Govett sees 1994 GNP growth ranging from 3.4 per cent in the Philippines and 6.2 per cent in Indonesia, to 8.5 per cent in China and 8 per cent in Malaysia.

Recovery in Japan and the US is expected to boost the export-oriented economies of the region, and interest rates are falling.

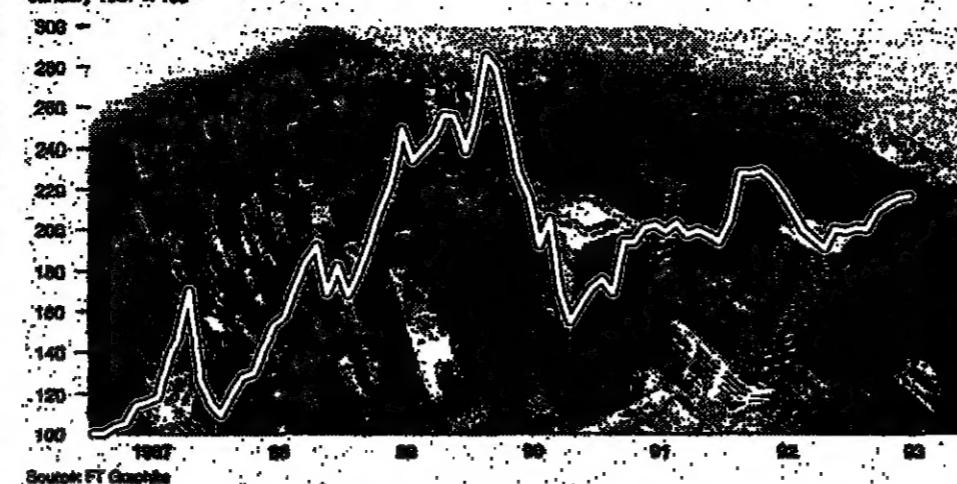
The boom in China has caused much excitement, but many fund managers now see it as a long-term rather than short-term bet. The expected cooling-off in China could also affect other countries.

"China is the engine driver of the whole region at the moment, but it is so difficult to get exposure to China," says Qasim Zakaria of Save & Prosper. Only a few stocks are listed on the two Chinese exchanges at Shanghai and Shenzhen, and demand is strong. Hong Kong is a popular proxy, but can be volatile in response to news from China.

The Taiwanese market's record of boom and bust cycles puts off many investors; the outflow of funds to China has

## Emerging markets Composite Index

January 1987 = 100



Source: FT Graphite

also affected liquidity. A few fund managers see some good prospects by the end of 1994.

Zakaria sees Korea and Malaysia as the two markets to watch. Korea should benefit from the improving US economy and the strong yen which will allow Korean companies to increase their margins a little. He thinks profits could increase by up to 30 per cent.

However, there are technical difficulties to investing in Korea: foreign holdings of any stock are limited to 10 per cent, and many have reached that level. Limits are unlikely to be raised for another year.

Govett Oriental has done well in Malaysia and other funds are heavily weighted there. "We like the Malaysian economy, we think it is well run," says Zakaria, who sees it as a long-term buy. But Ashok Shah of Providence Capital warns that the Malaysian market is vulnerable to a reasonably sharp correction. "We would advise caution. At best it is a hold."

Indonesia, Thailand and the Philippines also have good growth prospects, but are struggling with structural and political problems.

Another area opening up to foreign investment is the

Indian sub-continent, where economic reforms based on IMF recommendations are starting to work through in India, Pakistan and Sri Lanka. But some barriers remain. India imposes a capital gains tax of up to 30 per cent on foreigners. "You have to realise if you are an emerging market that you live in a much more competitive environment. If India puts up barriers, then people say 'forget it,'" says Charles Fowler, of Govett.

However, Tristan Clube, a fund manager with Martin Currie, says he has been putting more emphasis on the Indian sub-continent.

Latin America has lost its glow after a bull market run which peaked in summer 1992 after a series of economic and political reforms. The markets are very different, ranging from Mexico, the most developed with a market capitalisation of \$150bn, to the small illiquid markets of Colombia and Peru. Brazil is the second largest with a market capitalisation of \$75bn.

Although many fund managers are disappointed about the performance of the past year, most are still heavily invested in the region. Templeton Emerging markets investment

trust has a 15 per cent holding in Brazil, where the market has risen by 13 per cent in dollar terms in the year to June, according to Olliff and Partners, a stockbroking firm specialising in investment trusts. The growth has been fuelled by domestic consumption, said Radhika Ajmera, fund manager for the Turkey Trust, the best performing investment trust in the emerging markets sector, with growth of just over 50 per cent in the year to June 1, according to Micropal.

Elsewhere in Europe, Olliff and Partners says it feels "fairly bullish" about Portugal because of its potential for lower interest rates and recovery. Isabel Goir, manager of Schroders Mediterranean investment trust, which holds roughly half its investments in the European emerging markets and the rest in France, Italy and Spain, says that "there is a lot of catching up to do by the small European countries in the process of European unification, so the prospects for growth there are higher. Investment in these countries is also a play on deregulation and liberalisation."

Interest in Eastern Europe is focused mainly on Poland and Hungary. Poland's stock market has seen a rise of 200 per cent in dollar terms in the last three months, according to Goir, but privatisation issues are limited and liquidity is tight.

BEFORE  
WE INVEST,  
WE  
INVESTIGATE.

Our logo, you'll notice, is an elephant.

Not a sloth.

We don't decide which companies to invest in by putting our feet up and flicking through a few annual reports.

At Stewart Ivory, we take nothing at face value. We speak directly with the companies' managers. (In anything from French to Mandarin.)

Not once. But regularly.

So, although the areas in which we invest are incredibly diverse, our portfolios are extremely distinctive.

Especially the results.

STEWART IVORY  
Getting bigger

Members of IMRO and IAUTRO.  
The value of unit trusts may fluctuate and past performance is not necessarily a guide to future performance.

FIRST Option Bonds offer a gross rate of 6.34% guaranteed for the first 12 months. We pay the tax on your behalf at the basic rate.

Assuming basic rate tax stays at 25%, you'll get 4.75% net.

You can invest any amount from £1,000 to £250,000.

On individual bonds of £20,000 or over held for a full 12 months, you get a bonus which pushes the net rate up to 5.05%.

At each anniversary of the purchase of your bond we write and tell you the rate for the next year.

Then you have the option of taking your money, or sticking for another year.

Use the form below to buy FIRST Option Bonds by post - we pay the postage.

Your cheque should be crossed "A/C Payee", and made payable to 'NATIONAL SAVINGS (FIRST OPTION BONDS)' - using CAPITAL letters for this part of the cheque.

Please write your name and address on the back of your cheque.

Post to National Savings (FIRST Option Bonds), Freepost GW3276, Glasgow G58 1BR.

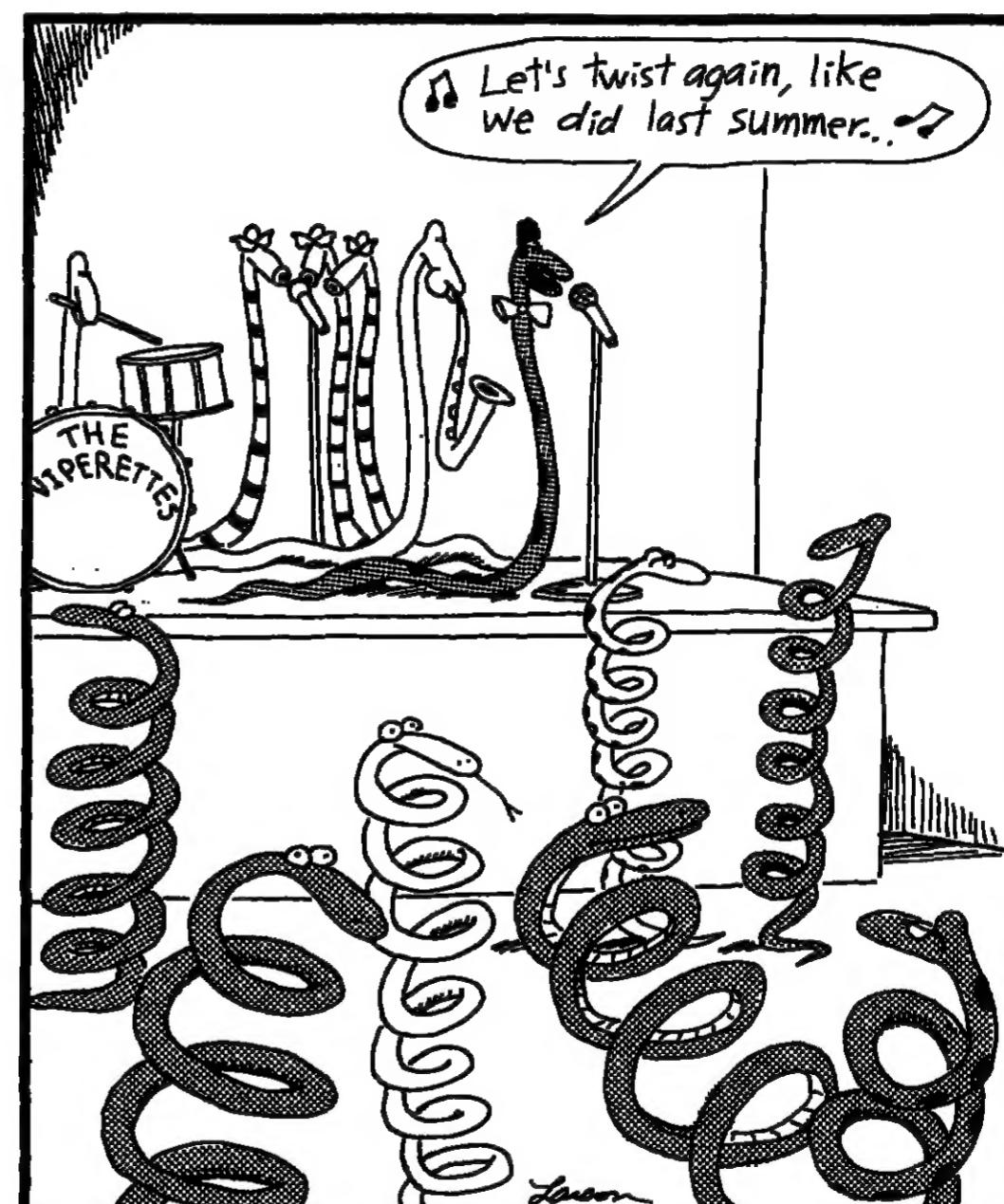
If, before applying, you would like a leaflet and prospectus, pick them up at your post office or call us free on 0800 868 700 between 9am and 4.30pm Monday to Friday.

FIRST Option Bonds are sold subject to the terms of the prospectus. You need to be at least 16 to buy or hold a bond. They may only be purchased by postal application. When we receive your newspaper application and cheque we will send you your FIRST Option Bond together with a prospectus, normally within two weeks. If on receiving the bond and prospectus you wish to cancel your purchase, tell us in writing within 28 days and we will refund your money. No interest is payable on a cancelled purchase. Please note that the 28 days option to cancel applies only to purchases made by newspaper application.

At each anniversary of purchase we will write and tell you the guaranteed rate for the following 12 months and also the bonus rate if applicable. You then have the option of leaving your money invested for a further 12 months, in which case you need take no action. Or, if you prefer, you can cash in your bond. There is no penalty for a repayment, or part repayment, at an anniversary date. If you cash in between anniversary dates you will be repaid the most recent anniversary value of your bond plus net interest as half the fixed rate for the period from the last anniversary. No interest is earned on repayments before the first anniversary.

We pay the tax on your behalf at the basic rate. Higher rate taxpayers will need to pay whatever additional tax is due. If you are a non-taxpayer or pay tax at a lower rate than the basic rate you can apply to your tax office for a refund.

FIRST Option Bonds with these terms can be withdrawn from sale without notice. We can only accept your application if the above terms are still on offer at the time we receive your application and cheque.



**First Option Bonds**  
turn £10,000 into £10,475  
tax~paid in one year.  
Then you can twist or stick.

Please send this form to: National Savings, FIRST Option Bonds, Freepost GW3276, Glasgow G58 1BR.  
For National Savings use only  
Or to ensure rapid delivery, attach a first class stamp.

1 I/We apply for a bond to the value of £ [ ] (Minimum purchase £1,000)  
2 Do you already hold FIRST Option Bonds? (Please tick) Yes  No   
If you do, please quote your Holder's Number **G** [ ] (Mr Mrs Miss Ms)  
3 Surname \_\_\_\_\_  
All forenames \_\_\_\_\_  
Permanent address \_\_\_\_\_  
Postcode \_\_\_\_\_ Date of Birth \_\_\_\_\_ Day Month Year \_\_\_\_\_  
If the bond is to be held jointly with one other person complete section 4.  
4 Surname \_\_\_\_\_  
All forenames \_\_\_\_\_  
Permanent address \_\_\_\_\_  
Postcode \_\_\_\_\_ Date of Birth \_\_\_\_\_ Day Month Year \_\_\_\_\_  
5 I understand the purchase will be subject to the terms of the Prospectus  
Signature(s) \_\_\_\_\_  
FT865  
For National Savings use only  
Date \_\_\_\_\_  
Daytime phone number \_\_\_\_\_ (useful if there is a query)

**NATIONAL SAVINGS**  
SECURITY HAS NEVER BEEN SO INTERESTING.

## FINANCE AND THE FAMILY

# ...but get me to the church on time

You can insure against most wedding day disasters, says Bethan Hutton, including the vagaries of the British weather

**T**HE WEDDING and summer fete season is in full swing during June but, as usual, the British weather is taking its toll on outdoor events.

Rain is one hazard that the organiser of any outdoor event has to consider - would a downpour force you to cancel the event or affect your takings? If you think anything more than a drizzle would ruin your day, rather than crossing your fingers and hoping for sunshine, there is the option of Pluvius insurance, which allows you to insure against a specified level of rainfall.

This type of policy can compensate for cancellation, ticket refunds or lost revenue. It is also known as measured rainfall cover. Naturally, the cost of cover depends on where in the UK the event is being held - the rainiest places, such as the Lake District, incur higher premiums - as well as the sum insured. The organisers of last year's Blairgowrie Highland Games paid £415 for cover with Eagle Star. After more than a fifth of an inch of rain fell in a three-hour period, Eagle Star paid out £10,000.

If you are running a fishing competition or a kite festival, a wet or windy day may

be essential - so you can also insure against fine weather. However, you cannot merely listen to the weather forecast the day before and rush to your insurers if the outlook is bad: insurance must be taken out at least ten to 14 days in advance.

The oldest provider of Pluvius insurance is Eagle Star, which is still the market leader after 70 years, and bases its premiums (minimum £100) on weather records going back over a century. Other companies, such as Cornhill, now offer similar policies.

Of course, disastrous weather is just one of many factors which could affect the success of an event. Other circumstances could force you to cancel - the star booked to open the fete might not show up, your cash box could be stolen, or someone could be injured tripping over a marquee roof.

General policies covering charity fairs, boot sales, agricultural shows, gymkhanas etc can provide cover for a variety of risks, with premiums depending on the size of the event. Independent insurance, Insurex Expo-Sure, Cornhill and Lombard Continental are among companies offering cover but a broker may be able to advise



on what is available.

Weddings are seen as a special case by many insurers. If one reads the list of contingencies covered by specialist wedding policies, it can seem like a miracle if a wedding ever passes smoothly.

Snags can include: photographers failing to turn up or forgetting to put film in their cameras; coffee spills on the bride's dress; theft of gifts; wedding car breakdown; the reception venue closed by a bomb scare; and a business going bust soon after the reception booking is made. Illness, death or unemployment affecting the couple or their close relatives can mean the whole wedding has to be called off.

Specialist policies will normally cover all the situations described as well as loss or damage to hired suits, flowers, rings and other wedding paraphernalia. Cancellation because one half of the couple gets last-minute cold feet is not covered.

Cornhill's Weddingsurance policy (tel: 0734-575491) costs £45. Extensions are available if you want higher cover for a particularly expensive wedding dress, or need to insure a hired marquee, for instance.

Grand UK insurance (0803-767699) offers

a standard wedding insurance package at £42.50, with optional honeymoon travel insurance available.

Insurex Expo-Sure (0892-511500) charges £150 to insure a wedding costing £5,000, with up to £10,000 cover for damage to the church, reception venue, and the same again for damage to clothing, gifts and so on.

Leisurecare (0793-514192) has branched out into wedding cover via honeymoon travel insurance. The price of its package is determined by the amount of cancellation cover needed: up to £2,000 costs £40, up to £5,000 costs £60, and quotes can be made for higher figures.

The package also covers re-arrangement expenses, clothing, rings, presents, photographs, liability etc.

The basic package from Methodist Insurance (061-633-9696) costs £30 and covers cancellation, wedding attire, photographs, presents and public liability. Higher levels of cover are available.

Provincial (0639-723415) is planning to revamp its Cupid wedding policy in September, but offers two options: standard, costing £30, and deluxe, with double the cover of standard, costing £45.

## 'Unfair' rates of interest

**B**UILDING societies which charge "unfair" rates of interest risk having to pay compensation to savers after a case handled by the building societies ombudsman, says their annual report this week.

Savers have seen their income almost halve since interest rates peaked in 1990. Most complaints to the ombudsman centred on the failure of societies to alert investors to new accounts offering higher rates than the ones in which they had placed their savings.

Although the ombudsman reiterated their decision, arrived at last year, that the onus is on investors to be vigilant, they also said that if interest rates paid were "unduly low," these could be held to be unfair even if the society had publicised them.

This is what happened in a case where investors bought a two-year variable rate bond with a minimum investment of £10,000. The society closed the bond to new investors and then reduced the rate to less than that paid on tiers above £10,000 on its 90-day notice account and some tiers of its

instant access account. Investors knew the rate they were being paid but were powerless to do anything. The terms of the bond did not allow them to give notice. The society - which was not named by the ombudsman - was forced to pay compensation of up to £1,500 each to 30 investors.

Complaints about mortgage protection cover which did fall within the ombudsman's terms of reference led to the highest compensation - £22,500 - awarded during the year.

A customer applied for a mortgage with a society which required him to take out mortgage protection insurance. He did this through the society. The mortgage was completed on December 15 1992 but the society did not arrange cover for him until January 1 1993.

The unemployment insurance excluded the first 90 days of unemployment but he lost his job more than 90 days after December 15 but less than 90 days after January 1.

The ombudsman found that the society was guilty of maladministration and ordered it to pay the amount the policy would have paid out, as well as compensation for inconvenience and some legal costs.

The number of initial complaints dropped slightly to 9,402 from 9,525, and just over half related to mortgages.

Nine of the 21 societies

against which complaints about home income plans and equity release schemes were made have refused to co-operate with the ombudsman. These are: Alliance & Leicestershire, Bristol & West, Chelsea, Leeds, National Counties, Newcastle, Northern Rock, Staffordshire and West Bromwich.

One case on mortgage protection cover which did fall within the ombudsman's terms of reference led to the highest compensation - £22,500 - awarded during the year.

A customer applied for a mortgage with a society which required him to take out mortgage protection insurance. He did this through the society. The mortgage was completed on December 15 1992 but the society did not arrange cover for him until January 1 1993.

The ombudsman found that the society was guilty of maladministration and ordered it to pay the amount the policy would have paid out, as well as compensation for inconvenience and some legal costs.

The number of initial complaints dropped slightly to 9,402 from 9,525, and just over half related to mortgages.

Scheherazade Daneshkhah

## Doing the Splits Investing in debt

**M**EZZANINE Capital and Income Trust 2001 is one of the most unusual funds in the split capital sector. It has a very small portfolio of investments; it invests mainly in debt, not equities, and it concentrates on unquoted companies in the US.

But this unusual formula has proved successful. The capital share of the trust has been the best performing of all investment trust shares over the last five years, with a yield of 9.2 per cent per annum, says Robertson.

As the accompanying bar chart shows, the dividend was cut in the year to March 31. This reflected a restructuring at one of the group's investments, American Safety Razor, which issued payment-in-kind notes. American Safety Razor has floated on the NASDAQ exchange in the US, with the result that \$7.5m debt has been repaid, including the notes. As a result, MCIT is paying a special interim dividend of 4p per share, more than making up for last year's cut.

The trust has a highly concentrated portfolio with just nine stocks. The ninth was only announced this week - LePage, a tape and sealing products maker, where the trust is investing \$3m in a combination of debt and equities.

The trust makes it higher risk, and its dollar assets means British investors also face an exchange rate exposure. Nevertheless, the record-to-date has been excellent.

According to John Korwin Symanowski, of brokers S G Warburg Securities, the portfolio structure is loan notes 39.5 per cent; preference stock 4.3 per cent; unlisted equity 21.5 per cent; listed equity 16.1 per cent; cash 17.6 per cent.

The concentrated portfolio of the trust makes it higher risk, and its dollar assets means British investors also face an exchange rate exposure. Nevertheless, the record-to-date has been excellent.

Key facts. As of March 31, the trust had net assets of £56.4m (including £12.36m of cash). The manager's fee is 1.5 per cent of net assets per year. The trust is due to be wound up in December 2001.

■ Board: John Green-Armstrong, the chairman, is a former managing director of the Guthrie Corporation. Other directors are: Gary Brass, managing director of Consulta, a private investment advisory company; Edwin Goodman, a general partner of Hambro International Venture Fund; James Jordan, an executive with the Jordan company; and Andrew Withey, senior investment strategist with James Capel Investment Management.

■ Savings scheme and PEP details. The trust has no savings scheme and does not qualify for PEP status.

For income shareholders, zero growth in assets and dividends.

**MEZZANINE CAPITAL & INCOME TRUST**

Net asset value per capital share (£)  
1991 140  
1992 140

Net asset value per income share (£)  
1991 12  
1992 12

Dividend per income share (£)  
1991 12  
1992 12

Philip Coggan

THIS WEEK'S column is dominated by sales, many of which were option related. The heaviest selling, however, was in Rathbone Brothers, the investment management company. In the past Rathbone directors have been prepared to meet institutional demand with modest sales, but this week's grouping of nine directors is on an altogether larger scale.

Against a difficult background, and in contrast to many of their peers, Rathbone Brothers has enjoyed considerable success over the past three years. Shares sold by directors have been placed with institutions and the tone of the chairman's most recent statement remained optimistic.

Rathbone has been one of the retail success stories of recession. The huge sales by Stanley Cohen, non-executive chairman, and Andrew Cohen, managing director, followed sustained outperformance over the last 12 months. The company says the sales were made to satisfy institutional demand. The Cohens, the directors and their families continue to speak for just over 50 per cent of the equity.

Figures for the selling at T Cowie do not tell the full story. Gordon Hodgson, chief executive, exercised an option over 200,000 shares and sold the lot. At the same time however, three other directors exercised options over 700,000 shares selling a significant number.

## Directors' transactions

### DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & UNLISTED)

Company	Sector	Shares	Value	No. of directors
<b>SALES</b>				
Acorn Computer	Elrs	80,000	50	1*
Bamrose Corporation	Pack	65,881	225	1*
Bettaware	Stor	18,400,000	30,820	2
BMSS	Bdm	100,000	110	1
City Centre Restnts	Hsl	88,000	74	1*
Courtfield Textiles	Text	120,000	678	3*
Cowis (T)	Mtr	200,000	434	1
Frogmore Estates	Prop	20,000	55	1
Land Securities	Prop	50,000	295	2*
Marie & Spencer	Stor	18,821	65	1*
Mercury Asset Mgmt	Offn	24,000	125	2
Perkins Foods	Fds	900,000	309	1
Porterhouse Potts	Mac	122,500	454	1*
Radio Clyde	Med	11,845	34	1
Rathbone Bros	Offn	390,750	1,078	9
RMC Group	Bdm	50,000	370	1
Royal Bank of Scot	Bank	212,500	54	1
Trinity Ind	Med	48,587	181	1
Vesper Thymecraft	Engd	125,200	718	3*
Wilson Bowden	Cdg	2,700,000	11,625	1
Wyeval Garden Ctr	Stor	100,000	180	1

### PURCHASES

Albert Fisher	Fds	70,000	47	1
Brabcoak Int'l	Engg	57,259	20	2
Bettaware	Stor	100,000	230	1
Capital Gearing Trst	IVls	6,700	27	1
EFT Group	Offn	584,000	152	2
Gent (SRI)	Text	400,000	176	1
Hi-Tec Sports	Hsl	40,000	20	1
Marie Curie Pacif	Int'l	19,500	75	1
Ordfame	Stor	50,000	115	1
Provident Financial	Offn	13,500	47	2
Sumit	Int'l	105,000	58	2
Transatlantic A Crw	Int'l	35,000	123	1

Figures expressed in 2000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list consists of transactions, including the exercise of options (7.5% 100% subsequently sold), with a value over £10,000. Information released by the Stock Exchange 7-11 June 1993. Source: Directors Ltd, The Inside Track, Edinburgh

These latter transactions are though, sell almost 400,000 shares between them. Colin Rogers, the Inside Track

### HIGHEST RATES FOR YOUR MONEY

Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
<b>INSTANT ACCESS A/cos</b>					
Co-operative Bank	0345 2520000	Instant	£100	5.84%	My
Birmingham Midshires BS					

## MINDING YOUR OWN BUSINESS

# Trying to open up an old market

**Nick Garnett** on the struggles of a shop for the elderly

"IT GIVES ME a lot of pleasure seeing elderly people using things I've sold them. I have just seen a man, who has difficulty walking, with a shopping trolley designed so that you can sit on it. If I hadn't sold that to him he would not have been out that day and he certainly would not have been shopping."

Annette Dand puts a finger on one of the blessings of running some type of small business. Servicing the public often generates gratification which is just as well for Dand because the main point of owning a company - making money - has proved elusive.

As a single parent with a young daughter and a divorce behind her, Dand was looking for a venture that would allow her flexibility in taking time off. In 1987 she set up Nanas & Papas, a shop in Leicester selling items for senior citizens.

The business has survived, no mean achievement in light of the recessionary death rate among new shops. But in the year to January 1992 pre-tax profit was just £6,000 on a miserly turnover of £24,000. Dand has been dependent on maintenance from her husband.

These figures paint an overly bleak picture of the company's finances. During the past six years

Dand has been able to generate enough gross profit to buy close to £30,000 of stock. Paucity of stock and of capital at the beginning of the tiny company's life is partly blamed by Dand for the venture's small's pace growth.

"I started with £4,000 of my own money. The banks didn't really want to know. Funny enough one £6,000 told me that if I invested £6,000 they would loan me a similar amount. I'm not much of a gambler and I'm glad I didn't borrow because of the way interest rates went up. But how can you start a business properly with just £3,000 of stock?"

Dand chose to operate on the edge of Leicester where customers can park. The 270 sq ft unit carried a yearly rent of £5,000 (now £6,000). "There are shops catering for children and I didn't understand why there were not more shops selling things for elderly people. There is a huge market out there."

As the UK's population includes more than 10.5m of pensionable age, that is probably true. Boots, the chemists, recently introduced a catalogue on gadgets for the disabled and disabled and disabled.

Nanas & Papas started selling gift items suitable for the older genera-

tion, but shifted when a salesman brought in cheap, patterned dresses, perfect for the elderly age bracket and offered them on sale or return. "They sold really well. So I decided not to sell to people buying gifts for old people but direct to elderly people themselves."

Nanas & Papas sells needle threaders, walking sticks that double as seats, trays for carrying one-handed electric plugs with handles and cutlery with fat stems for arthritic fingers. There are liberty bodices, socks without elastic for sufferers of thrombosis, pullovers with seams at the front to fit droopy shoulders, bed booties to prevent heel sores, and support tights that help ease varicose veins. Shoes come with wider and deeper fittings than normal. You can also buy items like carpet bowls and easy-to-read thermometers.

The biggest problem was finding suppliers. If you have a dress shop, you can just go to a clothes fair. I literally walked round other shops selling some of these things and went to fairs and exhibitions for gifts, shoes, equipment for the disabled and other things I sell."

Another difficulty was locating wholesalers prepared to supply her. "I wanted some magazines for the



Pattern for success: Annette Dand changed her strategy when she found out how well dresses sold

they are healthy. But most of the gadgets sell on mark ups of about 30 per cent, low for retailing.

Advertising has proved a headache. "It is difficult to advertise to old people. They don't seem to believe anything unless it is passed on by word of mouth. It is also very

expensive." Dand spends about £1,000 a year on it. A pensioner working on commission travels for her to all the area's residential homes.

Dand says that while lack of capital has been a drag on the company's growth, the business could

soon earn her about £10,000 a year. She wants to expand either through mail order or franchising. "I've found the suppliers so much of the hard work has been done."

■ *Nanas & Papas, 21 Francis Street, Leicester LE2 2BE. Tel: 0116 705671.*

**S**MALL enterprises throughout the EC are less well prepared for the single market than their larger brethren. A survey in Germany indicates that even in Europe's biggest exporting nation, small to medium sized enterprises are less well prepared than larger companies.

In the last four years there have been many schemes in the UK designed to increase awareness of the implications of the single market. The DTI's "Business Initiative" campaign has been the most heavily promoted but there have been many others inspired by trade associations, chambers of commerce, small companies groups and some of the Training and Enterprise Councils.

The proliferation of such schemes may be a problem in itself. There is evidence that businesses are confused by the multiplicity of information sources available. Even large companies have difficulty finding their way through the maze of information sources, so it is scarcely surprising that smaller organisations prefer to stay at

home and shun export trade missions, letters of credit, currency hedging and joint ventures.

The situation is easier for small businesses in France where Chambers of Commerce, with their roots in local communities, are responsible for much of the activity which in Britain is spread across many different agencies. In France all but the smallest traders are obliged to belong to the Chamber of Commerce to which they must pay a levy. The Chambers run business schools, conduct market research, organise conferences, act as lobbyists for industry and promote exports. A chamber will, typically, have responsibility for a certain industry and a certain part of the world. Thus, 22 of them specialise in the UK market. The decision of the DTI to

fund six "one-stop shops" for advice is an attempt to overcome the problems caused by the proliferation of advice centres.

Any small company which is considering breaking into an export market is well advised to engage experienced consultants to carry out the preparatory work. This will include assessing the market potential, discovering regulatory or technical requirements of the proposed market and evaluating possible distributors, agents or partners in a joint venture. Many small firms are put off by the costs associated with such consultants, although the DTI will, in many cases, pay half the cost of such research when it is undertaken by firms with fewer than 200 employees.

The cost can be further reduced by employing some highly professional, low

cost market research enterprises which are run in conjunction with university courses. The oldest of these is Scanmark at Buckinghamshire Business School, a college of Brunel University, which has been undertaking export market research for 20 years. It was conceived as a method of sharpening the marketing and linguistic skills of students on a post-graduate course in export marketing.

Past projects have included a survey of molecular biology techniques in three European Countries; an appraisal of the European market for artificial sweeteners and the identification of suitable joint venture partners for a small company distributing pharmaceuticals in Europe. Fees have ranged from less than £200 to £20,000 - the latter for a study of the

European market for artists' materials. They so low because the fees cover travelling and living. Students with government grants would jeopardise their status if they worked for profit.

One disappointing feature of the operation is the reluctance of smaller companies to undertake market research. Most Scanmark customers are large companies such as Pepsi-Cola, Gillette and Chubb. There seems to be a deeply held belief among small businesses that market research is something only large companies can do, especially if it involves talking to foreigners. It can be difficult to convey that big companies grew big by undertaking research into market opportunities.

Good market research is within the reach of any business that is serious about

exporting because of The DTI's Export Marketing Research scheme. There are two other options. One is to go ahead without doing the research which will probably lead to failure and possibly to ruin. The second is simply to ignore the opportunity of breaking into new markets, which is what most smaller companies do.

Sue Rush, who completed the Scanmark programme in 1984, said: "It's not only the giants of industry who need to understand their customers' requirements but all those who are in business to make money".

■ *For details of the DTI's scheme contact the Association of British Chambers of Commerce, 4 Westwood House, Westwood Business Park, Coventry, CV4 8HS tel: 0203 654484.*

■ *Scanmark, The Business School, Buckinghamshire College, Newland Park, Chalfont St. Giles, Bucks HP8 4AD Tel: 0494 874137 Fax: 0494 871954.*

■ *Stephen Halliday is principal lecturer in small business at Buckinghamshire College Business School.*

## Small steps into export markets

**Stephen Halliday** explains how everyone can afford vital market research

home and shun export trade missions, letters of credit, currency hedging and joint ventures.

The situation is easier for small businesses in France where Chambers of Commerce, with their roots in local communities, are responsible for much of the activity which in Britain is spread across many different agencies. In France all but the smallest traders are obliged to belong to the Chamber of Commerce to which they must pay a levy. The Chambers run business schools, conduct market research, organise conferences, act as lobbyists for industry and promote exports. A chamber will, typically, have responsibility for a certain industry and a certain part of the world. Thus, 22 of them specialise in the UK market. The decision of the DTI to

fund six "one-stop shops" for advice is an attempt to overcome the problems caused by the proliferation of advice centres.

Any small company which is considering breaking into an export market is well advised to engage experienced consultants to carry out the preparatory work. This will include assessing the market potential, discovering regulatory or technical requirements of the proposed market and evaluating possible distributors, agents or partners in a joint venture. Many small firms are put off by the costs associated with such consultants, although the DTI will, in many cases, pay half the cost of such research when it is undertaken by firms with fewer than 200 employees.

The cost can be further reduced by employing some highly professional, low

cost market research enterprises which are run in conjunction with university courses. The oldest of these is Scanmark at Buckinghamshire Business School, a college of Brunel University, which has been undertaking export market research for 20 years. It was conceived as a method of sharpening the marketing and linguistic skills of students on a post-graduate course in export marketing.

Past projects have included a survey of molecular biology techniques in three European Countries; an appraisal of the European market for artificial sweeteners and the identification of suitable joint venture partners for a small company distributing pharmaceuticals in Europe. Fees have ranged from less than £200 to £20,000 - the latter for a study of the

European market for artists' materials. They so low because the fees cover travelling and living. Students with government grants would jeopardise their status if they worked for profit.

One disappointing feature of the operation is the reluctance of smaller companies to undertake market research. Most Scanmark customers are large companies such as Pepsi-Cola, Gillette and Chubb. There seems to be a deeply held belief among small businesses that market research is something only large companies can do, especially if it involves talking to foreigners. It can be difficult to convey that big companies grew big by undertaking research into market opportunities.

Good market research is within the reach of any business that is serious about

## Reclaiming an unfair tax

### O&A BRIEFCASE

IN 1991 Customs and Excise decided that a number of nursing agencies operated as "principals" rather than "agents" and were therefore liable for VAT on the whole of the bills paid by their clients for home care assistants (though not for registered nurses) instead of only on the commission element as previously. This extraordinary ruling has been overturned on appeal. But meanwhile many invalids and disabled people have paid out VAT which should not have been charged, in some cases to the tune of several thousand pounds.

Please could you indicate how they should set about getting a refund from Customs and Excise?

Any refund which is due should be sought from the nursing agencies who have submitted bills to their clients. If the agencies have overpaid VAT they will reclaim it from the Customs and Excise. The rights of clients to reclaim may depend on the form of bills rendered to them. If the bills showed VAT as a separate item and it is found that the VAT was not properly chargeable, the amount shown as VAT should be returned. If the bills did not show VAT separately the clients may well have no legal right to a refund. In such cases they should ask the nursing agency if they would be willing to make a refund.

## Beneficiaries as executors

MY WIFE and I are contemplating new wills to replace those we made 12 years ago. On the last occasion we had but recently returned to a town where we had lived for many years so when the solicitor asked about my executors, we said that we had no one in mind. He asked us, therefore, about nominating members of his staff, something to which we then agreed, not realising the hourly rates that would be levied for this service.

Is it now possible to appoint a beneficiary under the will as executor or executrix? Would only one executor or executrix suffice, or must there be more than one? What is the exact responsibility of such a nominee? Is it to ensure that the wishes of the deceased as set out in the will are in fact

faithfully carried out and to see that the solicitor secures probate as quickly as possible, thus ensuring that the bequests are made with a minimum of delay?

I see no problem in your appointing a beneficiary in your will as an executor or executrix. One executor would suffice but I suggest that you have two, in case one dies prematurely.

The executor's duties would include obtaining probate at the earliest opportunity and ensuring that the estate is devolved in accordance with your wishes. It is normal to have a professional as an executor or executrix so that he or she can advise on the legal formalities. However, there is nothing wrong with your appointing non-professionals who can then seek professional advice where appropriate.

This reply was provided by Barry Stillerman of Accountants Stoy Hayward.

## Can rebates be capital?

IS AN income tax rebate classed as capital?

I am entitled to a life interest under my late husband's will and the capital is for the children on my death. My late husband died in August 1991. In June 1992 the Inland Revenue returned £937.90. My solicitor has kept this and maintains it is capital.

You are entitled to the income which arose from your husband's assets after his death (and to the benefit of the tax credits etc carried by that income), but the tax refund in June 1992 presumably related to income which arose during his lifetime. That being so, it does indeed form part of the capital of the trust established by his will, so the solicitor did is correct.

### MINDING YOUR OWN BUSINESS

#### Save On Software Latest Releases from just £40.00..

WINDOWS SOFTWARE

Word 2 Wordperfect FrontPage Omnicolor Flameray Pro Autocad 6 Quidraw 3 Lotus Organizer Calcdraw Syba Bits Sols Papemaster 4 Papemaster 5 Coreldraw 3 Amigo 3 CAD 12 Microsoft Word Ventura 4 Quattro Express Packtar Timeline MS Works WinFax Pro 3 PC Tools 8 Norton Utilities Norton Desktop Windows 3.1 DOS 6 ... and Many Many More! In Stock for an immediate delivery. Tel: 0116 379 3999 Fax: 0116 4773705 09-76 Long Acre, Covent Garden, London WC2E 9AS.

#### PRIVATE INTERNATIONAL TOUR OPERATOR SEEKS INVESTMENT PARTNERS

To assist in expansion in a highly profitable niche market in U.S.

Generous interest rates and/or profit participation

Principals only

Write to Box B1225, Financial Times, One Southwark Bridge, London SE1 2H

INVESTMENT OPPORTUNITY up to £500K

Chocolate confectionery company

with proven product and customer base

requires additional equity investment to fully exploit potential earnings.

Please write to Box B1227, Financial Times, One Southwark Bridge, London SE1 2H

BUSINESS OPPORTUNITIES

Tourist attraction, old Victorian innkeeper, 1,000 beds in 250 guest rooms, suitable steady income, £300,000. Tel: 01272 360206

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

#### BUSINESSES FOR SALE

NEEDLCRAFT BUSINESS:

Well known and established shop

in prime Old Amersham,

Bucks location.

Excellent growth record, £25,000

as going concern.

Details from N. Bazzard & Co.

01494 725522

#### YACHTS FOR SALE

##### HI STAR 48 Motor Yacht

2 x Cat 260 hp, engine hrs

475. FRENCH VAT PAID.

For immediate delivery:

Dahn Int'l,

Palma de Mallorca

Tel: 34-71-404 412/

fax: 402 327

#### DEMOYACHT - MAKE AN OFFER!

VANTARE 66 (20, 40 x 5,30 x 1,20) ("Hatters-type") 2x Johnson Tower

735 hp 4 cabins, spacious saloon.

For immediate delivery: Dahn Int'l,

## HOW TO SPEND IT

The futuristic shape and funky colours of the Tutti Frutti stool are typical of new 1990s furniture. Alison Thomas, 28, designed the first version while still a student at the Royal College of Art. She has since developed a series of variations on the same basic theme of a seat moulded in the shape of three footballs sitting on a Lyra-clad steel frame.

The Tutti Frutti has already gone on show in the Design Museum. Liza Bruce, the fashion designer, snapped up a couple in different colours to add to the collection of contemporary furniture at her west

London home. Thomas, who cites her influences as the early modernists, Gerrit Rietveld and Jean Prouve, farms out the production of her stools to different factories.

"It's definitely more difficult to design furniture for industrial production," she says. "The specifications are more complex and there are always cost constraints. But the end-result is much more satisfying."

Alison Thomas, 14 Midhope House, Midhope Street, London WC1. 071-278 6929.



## BOLD and BRIGHT in the 1990s

**Alice Rawsthorn considers the decade's emerging, technology-conscious furniture designers**

**F**OR YEARS the British furniture scene has been dominated by the same trio of designers – Ron Arad, Jasper Morrison and Tom Dixon – who made their names in London in the 1980s and who have gone on to establish themselves in the international market.

It has taken time for a new wave of young designers to emerge in the early 1990s. A recession is not, after all, the best time for fresh ideas to flourish. But just as fashion is changing with the arrival of names such as Martin Margiela and Ann Demeulemeester, the next generation of furniture designers is beginning to break through and to develop a different style for the 1990s.

The key themes in the new furniture are bold shapes, bright colours and modern materials. Whereas fashion has gone off on a 1970s nostalgia trip, today's young furniture designers are more interested in the industrial ideals of the 1920s modernists and the space-age styles created by the French and Italian futurists in the 1950s and 1960s.

Industrial production is another important theme. This is partly a backlash against the artisanal work of the 1980s, when the chairs made by Ron Arad and Tom Dixon looked more like one-off works of art than things to sit on, and partly a reflection of the academic revival of the ideas of the early modernists, Le Corbusier and Jean Prouve, who saw industrialisation as a positive force in everyday life.

But the 1990s designers are also genuinely enthusiastic about the potential of today's new technologies. They are the

first generation of designers to have been educated at a time when computer studies were compulsory in schools and computer-aided design systems are a standard fixture in their studios.

"I find technology incredibly exciting," says Nick Dine, 28, whose chairs and chaises longues are sold at Field on London's Kings Road. "And I think it is part of my responsibility as a designer to apply it to my work."

The hitch is that it is much more expensive to produce furniture on an industrial basis than to make it by hand. The cost of fitting out a factory to make a new design is so high that few manufacturers are able, or willing, to make the necessary investment, particularly in Britain, where the furniture industry is still shell-shocked by recession.

One reason why Ron Arad and Tom Dixon taught themselves welding and sculpture techniques in the 1980s was because they had to.

"When I started out furniture manufacturers were not exactly falling over themselves to help obscure, young designers," says Arad. "If I hadn't made my furniture myself it wouldn't have been made at all."

Arad and Dixon established their reputations with handmade pieces and are now able to clinch manufacturing deals with the big German and Italian furniture firms. The new designers are adopting a different approach. Rather than abandon all hope of producing their work industrially, they

adapt their designs so that they are suitable for "batch production" in small quantities by tiny workshops.

Jack Woolley, 30, scouts about for metal workers and professional welders to make the components for his furniture. "It's still difficult to find small factories that are willing to work in small batches," he says. "But it's not impossible. You just have to work at it."

The main disadvantage of batch production is the cost. Nick Dine's chaises longues cost £1,400 each and Jack Woolley's Stretch chairs are £400. Both say they could sell their work more cheaply if they manufactured in larger quantities.

But manufacturing in small batches does have the advantage of flexibility. Alison Thomas, 28, can customise her Tutti Frutti stool for different clients. She lengthened the legs to turn it into a bar stool for one, chopped them off to make a pouffe for another and has even added a touch of 1940s glamour by embroidering the covers.

"It's fun being able to adapt my designs," she says. "But batch production is really a compromise. What I want is to manufacture on a proper industrial basis. It's only then that I'll get the clarity of shape I'm aiming for."

The work of Nick Dine, Jack Woolley and Alison Thomas is on show at *In The Swim*, an exhibition of new British design, now on at DesignLabor, Bremerhaven in Germany, which runs until June 30 and moves to London later this year.



Nick Dine, 28, started by studying sculpture in his native New York but switched to furniture when he moved to London to study at the Royal College of Art. He has since worked from a temporary studio in the Mappin & Webb building in the City lent to him by Lord Palumbo, until the building is pulled down. The vivid colours and angular shapes of his chairs and tables are heavily influenced by the work of Carlo Mollino and Gio Ponti, the 1950s Italian designers. "The first time I saw their work I couldn't believe it," he says. "I loved the combination of a rational, modernist approach to design with free, fluid forms." In spite of his arts background, Dine sees furniture as an industrial product, rather than a form of art. "A chair is a functional object," he says. "It isn't art and it's a cheat to make it as if it was."

Nick Dine, 40 Bucklebury, London EC4. Tel: 071-236 1404, or 52 Barrow St, New York, NY 10014. Tel: 0101 212 691 2386.

## An ace invention for tennis elbow

**Lucia van der Post swings her racket and heads into the garden**

**I**T IS open season for tennis elbow again. With the tennis bonanza of Wimbledon upon us and the parks already beginning to fill with fair-weather players, it is time to look to your racket. If tennis elbow is your problem then Dunlop has developed new technology to deal with it. Since powerful modern rackets cause greater vibration than the simpler, older rackets (said to be the major cause of tennis elbow) Dunlop reasoned that if it could break the circuit and stop vibration reaching the arm, then the elbow should be better protected.

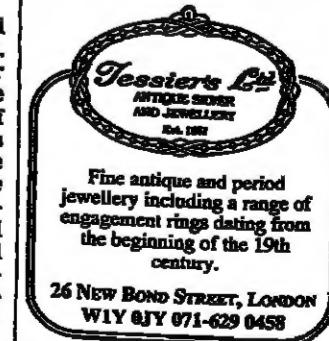
A racket incorporating what Dunlop describes as its "Impact Shock Isolation System" (ISIS) Technology was launched last year. Essentially, it involved separating the handle from the racket shaft just below the top of the grip and then rejoining and reinforcing it with carbon rods encased in a shock-absorbing elastomer which prevents vibration travelling down the shaft.

In spite of the price – £199.99 – the tennis world, particularly in America, went wild about it. Tennis nuts kept off the court by physical ailments will go to almost any lengths to get back on again, it seems. There are now four rackets in the ISIS range (each code-named Revolution) ranging in price from £99.99 to £199.99.

If you are dissatisfied with your local garden centre, if you cannot find the steamer chair, the bamboo rake, the wrought-iron weather vane of your dreams, Reid & Waters will deliver it to your door. The company's summer catalogue does not claim to be comprehensive – you will not find here the reams of sheds and plastic coverings, the pestides and seedlings that are the stuff of most gardening catalogues. What you will find is an edited selection of things either useful or decorative.

There is a choice of just three different barbecues, a small selection of some good garden furniture, sturdily made spades and gardening knives (particularly nice, being British-made with solid ash shafts). There are oval metal planters, glass lamps for using when eating out of doors (£29.99), verdigris candlesticks (£12.99), Victorian jardinières (£29.99 and £39.99), and some ineffably plain painted trays (£34.50). There are garden torches and Versailles planters, a particularly elegant bottle carrier (Le Baladeur, £24.95) and beeswax candles.

Many of the products would make splendid presents – the gardener's holdall, for instance, which is a tough canvas bag with eight separate pockets in which tools can be stored, for £29.95. The catalogue, in short, offers almost everything the keen gardener or conservatory owner might hanker for – apart that is from the serious horticultural products. For a free catalogue telephone 081-572 3225. To order telephone 0845-626388. You pay only local call prices and the lines are open seven days a week.



**Tessier's Ltd**  
ARTICLES DECORATIVE AND JEWELLERY  
MADE IN ENGLAND

Fine antique and period jewellery including a range of engagement rings dating from the beginning of the 19th century.

26 NEW BOND STREET, LONDON W1Y 8UY 071-229 0458



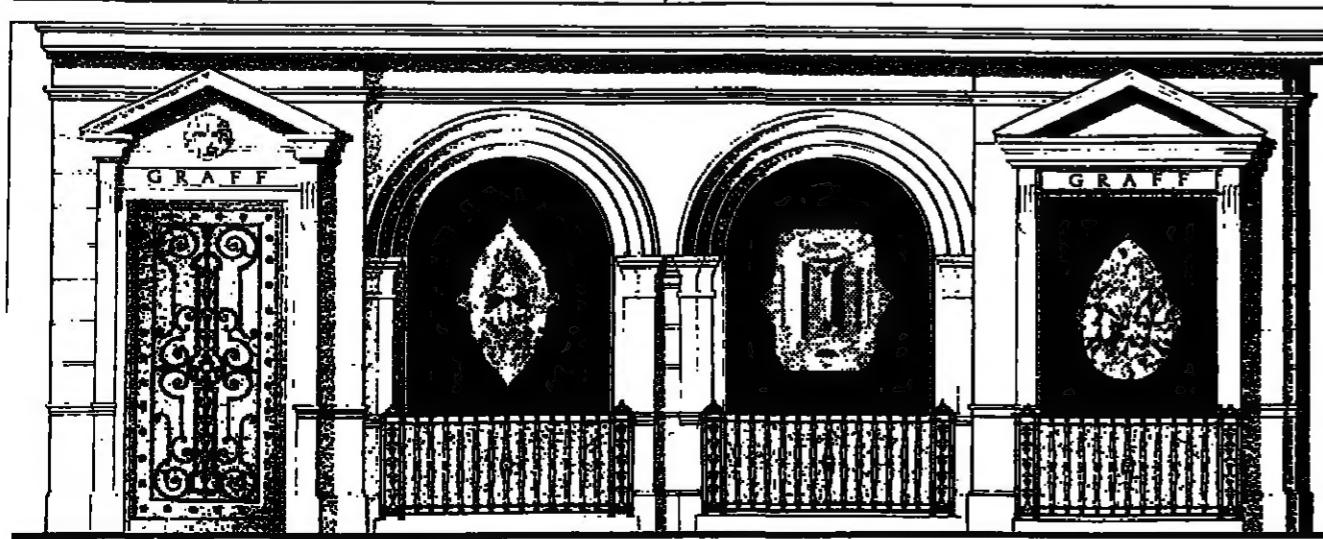
Woolley's chairs reflect his industrial training but his visual style – with its emphasis on bright colours and strong shapes – is more light-hearted. "Furniture is fun because it gives me more freedom to play around with forms and colours," he says. Woolley also likes to experiment with modern materials. Like the Lyra he uses to cover his Stretch chair. "Lyra is modern and practical," he says. "It's also very clever. The stretch allows you to design things that change shape. I love the idea of that."

Jack Woolley, Isis, Utopia Village, 7 Chalcot Road, London NW1. Tel: 071-722 6155.

Graff. Now also at New Bond Street. A stone's throw from Knightsbridge.



**GRAFF**  
*unmistakably*



6-7 NEW BOND STREET LONDON W1Y 9PF TELEPHONE: 071 584 8571/4 FAX: 071 581 3415 55 BROMPTON ROAD KNIGHTSBRIDGE LONDON SW3 1DP

## FASHION

# A totally tasteful Ascot? – never

*After a day's serious frock-watching artist Margaret Keedy and Lucia van der Post found time for fun and frivolity*

**T**HE GREAT thing about Ascot dress is never, ever to confuse it with fashion. Ascot, like most of the summer events which collectively make up the season, could be declared a fashion-free zone. It is one unto itself. But, to the dedicated frock-observer and serious follower of the season, it offers some interesting pointers to the habits and mores of that mysterious breed – the ladies who-lunch.

One thing is clear – if an invitation to one of the set-piece events of the season comes your way do not, if you want to feel you belong, bring out your Issey Miyake, your Romeo Gigli, your directional Martin Margiela or Ann Demeulemeester.

Keep them for wearing to a lecture at the Design Museum, to a smart lunch with your girl-friends or to any event where the *Voguelettes* gather (after all, they would know that those seams on the outside and the fraying edges are absolutely the *demi-critique* and would not for a minute think that you had put your clothes on inside out).

What you need are the sort of soft, pretty clothes that have nothing to do with being at the cutting-edge of fashion but everything to do with flattery. The new long, softer look, based as it is on frosty, sensual fabrics and more delicate lines is perfect for going to the races, to Henley, to summer operas, to weddings and garden parties.

**A**s for trousers, fashion editors this year have got seriously excited at uncovering a hitherto forgotten rule which deems that at Ascot women may after all wear trousers provided the jacket and trousers are made from matching fabrics.

The other happy thought is that (almost) anything goes. A glance at Margaret Keedy's sketches of some of the outfits on display last Tuesday will reassure all those who have ever felt timid about what to wear. Take comfort from the thought that no matter what you wear there will always be somebody better dressed and others who are worse dressed.

Ascot is not the time or the place for an excess of sobriety. It is a time for fun and frivolity, for laughter and chat. For objective observers of the passing scene much of the fun lies in the variety. A totally tasteful Ascot does not bear thinking about.

After a day's serious frock-watching I came, for what it is worth, to a few gentle conclusions. Gentlemen, I decided, should resist the temptation to brighten up their grey morning coats with dotty waistcoats or daft ties. They should resist even more strenuously any suggestion that their waistcoats should match her dress. And if you think that goes without saying, then you did not see what I saw at Ascot this week.

Women should resist too many ruffles and frills and especially frilled plumes outside straight skirts. Too many

cut-away straps and too much flesh is not really very pretty away from a beach or pool.

Unless you are one of those enviable beings who does not get out of bed for less than £10,000 then I think it unwise to wear a masculine top-coat over a very short mini-skirt and very high heels – and even if you are one of those enviable beings you would probably look better in something else.

White shoes are the Queen Mother's special terrain and only the very young or the very beautiful can get away with severe little bowlers.

Herbaceous borders really look their best in gardens, a thought that might be particularly addressed by larger ladies. The prevalent tendency to wear a printed silk dress and pick out one colour (usually the most obvious) in which to have a straw hat made, came to seem a little predictable.

There are, of course, several favourite looks on offer. There is Eurochic (snappy little suits with above-the-knee skirts, eye-catching straw hats and lots of gold jewellery) and English Rose (pale, long strings of beads, echoes of 1920s, an addiction to floribunda, whether on frock, straw or hat and just occasionally on all three).

Then there is the Dress-to-be-photographed look – forget charm, prettiness and elegance, here what really counts is nerve. Dotty hats, bare midriffs, lots of décolletage, acres of leg (no matter what their length or shape) are what seems to get the lenses pointing. Officials at Ascot retain this charming old-fashioned notion that the punters do not wish to be disturbed by vulgar photographers and so keep them herded on a balcony. If you stand on the balcony you do not come away with the same impression. Up and down the Dress-to-be-photographed set go – first one way and then the next! Wait 15 minutes and have them come again.

Or you could, if you could carry it off, aim for what you might call Glamourpuccino-style – short, tight dress (forget lunch), high-heels, eye-catching hat, loads of make-up.

Recession Chic I saw not a sign, though there was a bit of tutting in the press room from the pundits who, from time to time recognised... oh, the shame of it... last year's dress.

My own favourite looks veered towards the understated, the quiet monochrome colour-schemes. There was the older woman I saw in a simple but beautifully-cut soft pink coat-dress with pearls and a soft black straw hat; the cream suit, ('It's cooler in the shade') with the soft flared trousers and the beautiful straw hat; the quiet long cream skirt and jacket ('Cream of the Crop'); the frosty navy and cream skirt worn with a long, soft cream top. Longer lines definitely looked newer and prettier. All these managed to carry off that difficult double of being both elegant and pretty.

The nicest hats were the big soft straws. The chicest heads had the hair tucked away from



NOW'S THE TIME FOR SUMMER'S GOOD BUYS AT 100 REGENT ST.

**THE AQUASCUTUM SALE**

*Open Today  
9am until 6.30pm.*

**Generous Reductions. Many at half price**

Examples for Men		Examples for Women			
Original Price	Sale Price	Original Price	Sale Price		
Classic Raincoat	£350	£225	Classic Raincoats	£325	£225
Trench Raincoat	£375	£275	Car Coats	£275	£175
Wool Coat	£350	£325	Jackets	£295	£145
Suits	£325	£195	Skirts	£125	£65
Jackets	£350	£150	Summer Tops	£125	£62
Lounge Jackets	£225	£125	Summer Skirts	£135	£67

**Aquascutum**  
OF LONDON

100 Regent Street, London W1. Telephone: 071-731 6090  
also at our branches in Manchester and Bristol

© HARVEY NICHOLS  
Summer Sale

STARTS WEDNESDAY  
23RD JUNE.

Up to  
50% Off

Womencare,  
Menswear and Homewares.

HARVEY NICHOLS  
KNIGHTSBRIDGE, LONDON SW1 071 333 5000

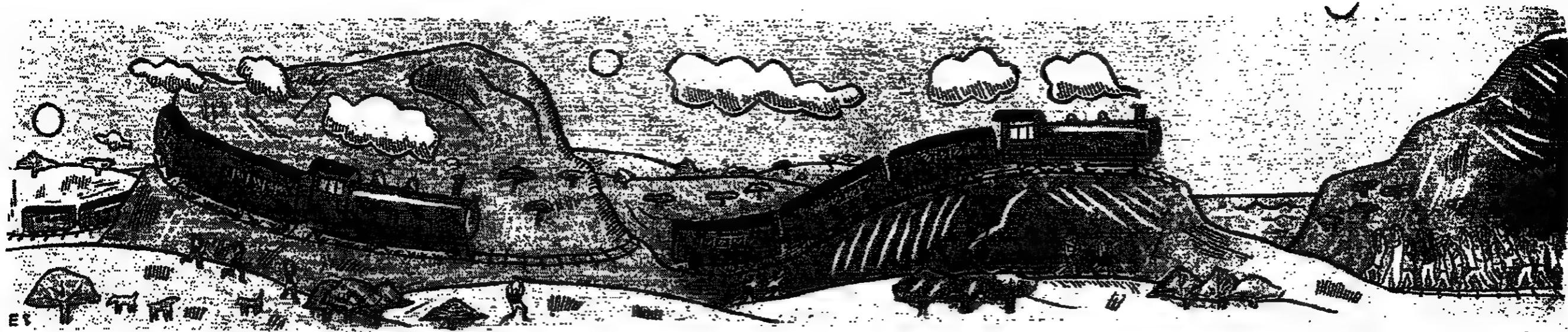
OPENING HOURS: 23RD JUNE & 25TH JUNE 10AM - 8PM 26TH JUNE  
10AM - 7PM 27TH JUNE 10AM - 7PM 28TH JUNE 10AM - 6PM  
29TH JUNE 10AM - 5PM 30TH JUNE 10AM - 4PM

**HACKETT**  
LONDON

Gentlemen's  
Clothing

137-139 NEW BOND STREET  
LONDON SW1  
071-730 3331

## TRAVEL



**T**HERE are evil plans afoot for the world's railways. In Britain, some companies hoping to buy rail franchises after privatisation are already hatching schemes to concrete over the tracks and run buses instead of trains.

The "guided busways", which allow specially-built vehicles to thunder at high speeds without being steered, are intended to combine the flexibility of buses with the speed and safety of rail. Such systems already exist in Essen and Adelaide.

Rail enthusiasts will shudder. For these poor, old-fashioned souls, the concept of a railway is limited to tracks and trains. To indulge them - and other simpletons of like mind - here is a smattering of what the world still has to offer:

**Mexico - Copper Canyon Railway:** Chihuahua is a city in the north of Mexico which has, as its claim to fame, a hairless dog. Los Mochis is a dull town on the Pacific. Between the two lies one of the

world's most spectacular journeys. The route, which took six decades to construct, climbs to the peaks of the Sierra Madre before freewheeling to the Pacific. In between are 73 tunnels, 28 bridges and heart-stopping moments where passengers are dangled over some of the world's deepest canyons. The train leaves Chihuahua at 8.30am daily, arriving in Los Mochis at 8.30pm. Mexican Tourist Board, London. Tel: 071-734-1054.

**Japan - The Bullet Train:** Japan's ultra-modern bullet trains explode through the ancient interior. To cut down on price

(trains are not cheap), invest in a Japan Rail Pass - available only outside Japan - for £172 which entitles you to seven days' unlimited travel. Japan Travel Bureau (071-836-9367). Recommended routes include The Twilight Express from Osaka to Sapporo, or between Koriyama and Niigata through the scenic Tohoku region. Japan National Tourist Organisation (071-734-9638).

**Former Soviet Union - Bolshoi Express:** Tsar Nicholas I mistrusted technical innovation and only grudgingly agreed to the construction of Russia's first

rail track between St Petersburg and his summer palace, 26 miles away. Since, rail has been vigorously embraced and the Commonwealth of Independent States now has the world's largest network. An extravagant way to explore it is by the Bolshoi Express, a train built for government in the 1950s and restored in 1984. Cox & Kings (071-534-7472) uses steam locomotives for parts of the journey. The Tashkent to St Petersburg train puffs its way through Samarkand, Bukhara, Astrakhan, Volgograd and Moscow. The price: £2,485 for 14 days.

**North America - Amtrak:** Most Americans travel by car and airplane, which is why railway stations are often as举 as libraries. Yet rail is one of the best ways of seeing the countryside. Amtrak's Empire Builder, which takes 32 hours to trundle from Chicago to Seattle, passes before reaching the pancake-flat Mid-West through the Cascade Mountains. The one-way trip costs £215 (with a £10 supplement for bed and meals). Non-US citizens should consider the 15-day Amtrak pass, priced £135-£200. Amtrak (071-875-3212).

**India - rail pass:** Times have been written about India's railways, and all of it is true. The Indravati pass, which allows a week's unlimited travel for £77, is hard to beat. First stop should be the London office of Dr Swaminath Dandapani, S D Enterprises (081-903-3411), who claims to have memorised the network's entire timetable and is the UK agent for Indravati.

**Britain - The Royal Scotsman:** The Royal Scotsman, Abercrombie & Kent (071-730-9600), makes unburdened, luxurious progress through the Scottish Highlands and between London and Edinburgh. Its Pullman carriages are remodelled in Edwardian style. The four-day Northern and Eastern Tour, which follows the Strathspey line, incorporates the Highland Wildlife Park, Kyle of Lochalsh, Isle of Skye and Glencoe castle. It costs a mean £2,120. Or you could charter the entire train - £44,900 for three days.

Practical Traveller/David Pilling

## Great world rail routes

# Watch out for brigands, goats and hunters

**I**N THE innocent days of Italian TV it was always good for a laugh. "He met a terrible death in Calabria, brigands tied him to the railway track." "He was run over?" "No, he died of starvation waiting for the train to arrive."

Descending on Cosenza at a crawl, the passengers grow anxious. "Can't you go any faster?" There's a girl here going into labour." The driver says pregnant women should have more sense than to board this train. "When I boarded it," the girl whimpers, "I wasn't pregnant."

It is recorded that the FCL (Ferrovie Calabro-Lucane) company directors' first act on being incorporated was to invest in enough uniforms, epaulettes and swords to last 200 years.

That was 80 years ago, shortly after a solid-tired Ansaldi motor-wagonette had first woken the Calabrian highlands from their long sleep with the splutter of its petrol engine. The FCL soon drove it off the road. The railway, furnished with rack-and-pinion arrangements

for the steep sections, poked and prodded at the massifs from both sides of the peninsula. The company performed miracles of civil engineering in this land where mountains rise to 2,000 metres (6,500 ft) within a mile or two of the coast and torrent valleys fall in great gorges.

Now far, then, on foot? He showed us the signpost. It pointed on the sort of track which makes mountain goats' hairs stand on end and it said: "Roccabernarda 43km."

In Cosenza, provincial capital, the houses of the Old Town scramble up the hill like frightened sheep. At their feet the red-and-brown coaches of the train to Catanzaro emerge from the station, cross the dry bed of the Busento (beneath which the grave of Alaric the Goth still awaits discovery), and start stitching their way across the face of the mountain en route for the Sila forests.

Long ago this was the train which never left Cosenza and never arrived at Catanzaro - but now it does the journey every day. It is running the FCL's flagship route of more than 100km, in the course of which it will penetrate 90 tunnels and soar over 76 viaducts. Scale the whole thing down to the dimensions

around us and so was our luggage. The station simpleton indicated his wooden clogs.

How far, then, on foot? He showed us the signpost. It pointed on the sort of track which makes mountain

goats' hairs stand on end and it said: "Roccabernarda 43km."

Even though, during their journey, I went to sit beside the driver. His

A frail old lady carrying a crown of rosemary to the Easter procession at Trinoli weighed in with tales of Calabrian brigands, the last of whom surrendered on Aspromonte in 1922. Her dialect was impenetrable and I picked up perhaps one word in five, but I gathered that the brigands were a bunch of Merry Men well-disposed to the peasantry and given to paying with gold coins for small favours.

She was moving on to horror stories of wolves when we arrived at Bianchi, the principal intermediate station. Bianchi, a prosperous little settlement on the watershed, is named for the local boy who, on Mussolini's behalf, led the March on Rome. Here is the coincidenza, where the single track briefly becomes double and northbound and southbound trains cross.

From Bianchi it is all downhill. You career through gorges, your driver steering with his finger-tips. You need sharp eyes for the scenery: gorgeous ribbons of fruit orchards, bougainvillea bursting out over stone sheds and roofs of bro-

ken masonry panicles. Crossing the Corace you glimpse a baroque church, isolated in the middle of that destructive torrent - an earthquake changed the course of the river but spared the house of God.

You brake hard for lonely outposts where huntsmen come on board, festooned in bandoliers, dragging spaniels which look none too happy about the events of the day, the first of quasi shooting.

At Sorbo-Fossato a dainty parish priest in white lace with a silver rod sprinkles holy water on the train from a basin held by his crippled acolyte. Somewhere else boxes of gladioli are loaded. "The earliest in Europe," says the driver. "Calabria first, San Remo second."

At Catanzaro the train empties I watch driver and conductor engaging the cogs and I jump aboard again for the slow drop through a 300m cliff to the valley floor. You have to hang on to something, otherwise you find yourself hurtling over the seats in front.

After the tunnel there is one more stop to allow the conductor to rob

an orchard. He returns with pockets stuffed full of lemons the size of young grapefruits. "Calabria is the garden of Europe," he tells me.

"The finest soil, the cleanest air, the purest water. With such riches around us, why do we remain poor?"

Now it is dark. The terminus, a large hut in a field on the sea's edge, is lampless and lifeless. Tired of waiting for the train, the one-man station staff has gone home. It needs all available hands to uncouple the leading car and spin it on the turntable. We reassemble, making the last coach the first coach, transforming today's point of arrival into tomorrow's point of departure.

Throughout their history the Ferrovie Calabro-Lucane lines have been under threat of closure or amalgamation with the State system.

Those which survive in Calabria are: Cosenza-Catanzaro Lido, 118km; Cosenza-San Giovanni in Fiore, 69km; Soverato-Chiaravalle Centrale, 23km; Gioia Tauro-Ciamporondi, 22km; Gioia Tauro-Sant'Agata, 27km.

**just France**  
Special June & early July prices  
eg. BRITTANY, villa for 4, near beach, £295 - only £75 p. person (incl. car ferry)  
villa for 8, near beach, £475 - only £60 p. person (incl. car ferry 2 cars)  
More bargains in Vendee, Dordogne, Bordeaux  
**BOOK NOW!**  
**0225 446288**

**TWICKERS WORLD**  
The natural world  
**ICELAND**  
Make the most of summer's long days and get twice the holiday you bargained for.  
For details of walking, trekking, horseriding, birdwatching, camping and touring trips, ask for a copy of our latest brochure.  
22 Church Street,  
Twickenham, TW1 1JW  
**081-892 7606**  
24 hour brochure service  
DIN 492 2951  
ABTA No 601-60 ALTA No 1996

**SAN TROPEZ LUXURIOUS VILLA**  
Set in wonderful grounds 3 miles from the centre of San Tropez. Sleeps 14, pool & tennis court. Maid service & chef. Available for 2 wks from 14 August. Contact International Chapters for this and other beautiful properties on the Costa D'Azur.  
Tel: UK 071 722 9722  
Fax: UK 071 722 9149

**ZIMBABWE**  
TAZANIA, UGANDA & SOUTH AFRICA  
TAILOR-MADE SAFARIS  
Luxurious remote lodges. Walking safaris. Expert guides. Lovely colonial hotels. Superb wildlife.  
Call us to receive our free colour catalogues. Phone John Burdett on (0644) 297793

**AFRICA EXPEDITIVE**  
Harrison House, 60 Parliament Rd, Northampton, NN1 5EX

**BARBADOS \* GOA \* THAILAND**  
Sun-drenched beaches lapped by warm blue seas  
start at £499  
Plus extensions to the Robinson Crusoe island of Tobago  
**HAYES and JARVIS**  
INTERLINKS LTD  
**ACTIVITY HOLIDAYS**  
UNWIND at SHARM EL SHEIKH!  
White sandy beaches, turquoise waters, diving, windsurfing, aqua-sports, exciting nightclubs in the sun.  
Price: from £315 P/B  
£226  
NOT YOUR USUAL TWICKERS WORLD  
Relax Holidays  
DATA ALTA 0102 0104 0106  
**081-892 7606**  
081-892 7851 (24 hrs)

**The Dordogne Experience**  
Capturing the idyllic ambience of the most beautiful part of France, our luxurious character properties are available for rental throughout the year.  
LES MAISONS DOREES  
4 Rue Andre Lurieur, 22200 Sartilly, France  
Tel: 011-63 7545

**PROVENCE**  
St Rémy De Provence  
Spectacular Villa sleeps 8 set in 18 acres of beautiful grounds, wonderful fields, sunroom, pool and tennis court, including maid service & chef. Now Available for 2 wks from 17 July. Contact International Chapters  
Tel: 071 722 9722  
For this and other beautiful properties in Provence.

**FRENCH Expressions**  
New! Summer Collection  
A basket of personally selected fine quality bedding to complement styles of character (chintz & seagrass) furniture. 1993 brochure. Self-drive & fly-drive throughout France. AUTO Trust bond 102.  
Tel: 071 722 1350

**SOLENT** Beautiful setting above Boscombe Hard Marina. Avail July & Aug for yacht to 40ft. Tel 01202 652156

**QUIET PLEASE**  
Babysitter at work!

**A TRADITIONAL TOWN HOUSE OFFERING TRADITIONAL VALUE**  
• 21 Periodical Bedrooms  
• Overlooking Hyde Park  
• Private Car Park  
• Business Services  
London Elizabeth Hotel  
Lancaster-Towers, Hyde Park,  
London W2 3PF  
Tel: 071 482-6641 Fax: 071 224-8960  
Your Pleasure is our Business

**EARLY BUDGET LONDON BREAKS**  
4 nights for the price of 3. Kids free. Tel: 071 243 0827 Fax: 071 782 1957

**ITALY**  
TUSCANY/RICILY selected holiday properties in excellent locations. Pools etc. For your free brochure, Telephone 0584-51120 ABTA 0396

**TUSCANY COAST** - Monte Argentario, dinner on inland. Excellent harbours, sea views, 5 miles walk from beach. Tel: 051 947 0727

**MARBELLA HOTEL LOS MONTEROS**

30 years of tradition makes us

one of Spain's best Resort Hotels

Escape Package

From 7,500 Ptas.

per person and night (+ 15% VAT)

Including: Accommodation with breakfast, champagne buffet,

\* Beach Club \* Swimming pools

\* 3 Gourmet Restaurants \* 4 Bars \* Night Club

\* Conference facilities \* UNLIMITED: Golf, tennis, squash.

TEL: (34-5) 282 36 46

FAX: (34-5) 282 55 46

**GRAND LUXE**

**SAS INTERNATIONAL HOTELS swissotel**

COPENHAGEN • ODENSE • OSLO • STAVANGER • BERGEN • BODØ • TROMSØ • ALTA  
HØNNINGSVÅG • VADSØ • KARASJOK • STOCKHOLM • ÖRFLÖD • RÄLSNÄS • NÄMÅN • GÖTEBORG  
LILLEÅ • HELSINKI • LONDON • DÜSSELDORF • HAMBURG • KÖLN • BRUSSELS • AMSTERDAM  
VIENNA • BUDAPEST • KUWAIT • ZÜRICH • MONTREUX • BASEL • NEW YORK • ATLANTA  
CHICAGO • BOSTON • ISTANBUL • CAIRO • BANGKOK • SEOUL

**You can take the kids to one of our hotels and enjoy a quiet dinner for 2**

During the special summer promotion at SAS International Hotels and Swissôtel, we'll have fully-qualified babysitters on hand every evening so that you can enjoy your holiday as well! Contact your nearest SAS International Hotel or Swissôtel for a free Summer Guide and more information.

To: SAS International Hotels,  
Summer Guide '93, c/o SAS Portman Hotel,  
22 Portman Square, London W1H 9FL

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Country: \_\_\_\_\_

FIB

**THE ONLY WAY TO SEE ASIA**

The Eastern & Oriental Express is the new deluxe train by the same company who revived the Venice Simplon-Orient-Express. Its route from Singapore to Bangkok, offers unrivalled views of the jungles, mountains and coastlines of Malaysia and Thailand. Luxurious air-conditioned compartments, immaculate service and first class cuisine make this truly one of the great travel experiences of our time, and the perfect centrepiece to a Far East holiday.

Tickets start from £650 and full details are in our new launch brochure. Telephone 071 928 6000, or contact your local travel agent.

Venice Simplon-Orient-Express Ltd. Ref No. 3141.

**SINGAPORE - KUALA LUMPUR - BANGKOK**

**E&O EXPRESS**



## FOOD AND DRINK

# A culinary philosophy spiced with success

Nicholas Lander meets a French chef who believes fervently in keeping his cooking close to his local roots

"I DO not serve caviar in my restaurant because I do not know any sturgeon fishermen." It was almost midnight and Olivier Roellinger was confidently expounding his culinary philosophy. We were sitting in a small manor that had been the Roellinger family house in Cancale, Brittany, but has for 12 years served as his restaurant.

The originality of Roellinger's approach is matched by his modesty. When I had asked to meet him I had expected Roellinger to join my table wearing a personalised chef's jacket - after all, he is a two-star Michelin chef. Instead, we were led away from the other diners and upstairs to a small salon where he joined us wearing simple whites, cut Breton style, and a pair of working men's boots.

He apologised if he appeared tired. He had been up before dawn to drive to Rennes, 36 miles away, for its Saturday market. "Walking around this market is an essential and very enjoyable part of my job. Here I meet my suppliers, the fishermen from the west of Brittany, the poultry and vegetable suppliers from the east, who are such vital ingredients in what I cook."

The cooking in French restaurants had, Roellinger believed, lost touch with its local roots and the seasons. But he was confident this was changing. Other French chefs were taking up this challenge and he cited Michel Bras at Laguiole near Conques as a fellow traveller.

His menus read, therefore, like the results of an extensive shopping trip. Wonderful shellfish, not just the mussels and oysters which Cancale bountifully provides but locally-caught crab, lobster and clams. These are used in conjunction with herbs and vegetables grown on the salt marshes along the coast which merged into our first course of tiny steamed scallops, served on shell with minuscule home-grown new potatoes, morel mushrooms and cream.

Local fishermen, whom Roellinger has



Olivier Roellinger and his supplier: "My cooking is neither French nor Breton but St Malo"

come to know well, bring the main courses: Dover sole, John Dory, skate, turbot and sea bass. Most conveniently, the marshes that stretch from Cancale to Mont St Michel provide the area's best-known specialty, the pre-sal lamb, which has developed a distinctive flavour from

its seaside grazing.

Yet this was just the obvious aspect of Roellinger's cooking because, as we talked, it transpired that he had never had any intention of becoming a chef. He had graduated as a chemist (his wife, who runs the front of house with a young, enthusiastic

team, is a qualified pharmacist) when, in 1980, he had started to cook. Eighteen months later in April 1982 they converted the living room into a restaurant.

Roellinger's imagination was fired by the history of St Malo, the nearby port. He says: "My cooking is neither French nor

Breton but that of St Malo." Two hundred years ago St Malo was the wealthiest port in France, buoyed by the success of the Compagnie des Indes (the equivalent of the British East India Company) in sending ships out to the Indian Ocean, Indonesia and Persia and bringing them back

laden with the spices - pepper, ginger, cinnamon and cloves - that were all the rage at the court of Louis XIV.

Unusually for a Frenchman, Roellinger uses these spices as an integral part of his cuisine, partly in homage to his region's past and partly to forge new tastes and flavours. He buys them directly, closing the restaurant from mid-December to March to be able to travel to expand his knowledge (and also his range of rums of which there are 14 by the glass including a 1929 from Martinique at FF730, 242, a measure).

His own taste and the fact that he makes up each batch of spices weekly prevents this flavouring from being too heavy or too hot. As a first course, local lobster is transformed by a sauce using small amounts of ginger, galangal, alpine berries, mace, nutmeg, tamarind paste and coriander, while to the local lamb Roellinger adds a teaspoon of green cardamom, cumin, coriander, sesame and nigella. As one of the desserts, possibly the weakest arm of his repertoire, Roellinger produced a *patis d'épices* with his version of an apple crumble. But the overall effect is stunning food that is appetising and full of flavour, and a menu that makes choice difficult.

Close to the restaurant the Roellingers have a small house, Les Riomines, with six rooms overlooking the sea. Last September they converted an extraordinary sea-side mansion, built in 1925 and overlooking the bay of Mont St Michel, into an hotel, La Maison Richeux, where the bedrooms are given the names of spices rather than numbers and there is a simpler, less expensive dining room, Le Coquillage.

There is also a free taxi service provided to and from the restaurant - in a 32-year-old London taxi with right hand drive and wooden fascia.

■ *Maison de Bricourt*, 88260 Cancale, France. Tel 99 89 64 76, fax 99 89 47. Dinner from FF130, rooms FF1,100.

**N**OT BEFORE time, Britain's biggest wine merchant is beginning to show signs of the sheer enthusiasm for wine that has for several years distinguished the best of its rivals. More than a decade ago Sainsbury led the supermarket's advance into wine merchant territory with a combination of muscle and confidence that gave it the lion's share of the highly competitive British wine market.

In recent years, however, Sainsbury's wine department may have kept shareholders happy by keeping at least a percentage point ahead of Tesco, its main rival for wine market share. But the famously broad selection seemed more driven by gaps to be filled and price points to be reached than inspired by the increasingly dazzling range of plums on offer in the world's vineyards and cellars. Producers and agents complained that a decision which took a month chez Safeway, and a minute at O'Briens, could take up to a year at Sainsbury's.

The company's rivals among multiple retailers may be concerned at its increasing insistence on exclusive rights to certain lines. Its rivals among the independent merchants are probably less concerned about Sainsbury's efforts to overcome the supermarket wine retailer's most serious shortcoming: lack of expert advice. Sales assistants trained by headphones, a two-hour audio tape and a workbook are unlikely to be much of a match for the bevy of wine enthusiasts employed by most decent wine merchants. Nor does

## Sainsbury fizzes with enthusiasm

**Britain's biggest wine merchant now has a range to fit its buying power, says Jancis Robinson**

Sainsbury, or any other supermarket, give the independents a run for their money in the £5-plus per bottle range.

But the wines that follow all represent bargains from the Sainsbury buying team, at last reflecting ingenuity as well as heavyweight bargaining.

Gyongyos Country White 1988 £3.35. Now for Hugh Ryman (of Bordeaux/Languedoc, Moldova et al) playing with Semillon grapes in Hungary. Very lively (and the racy Gyongyos Char donnay is probably worth the bloom of youth. Some are just reaching the shelf. Spot the wine with no antipodean connection.

Chardonnay Delle Tre Venezie 1988 £3.35. New, highly successful, part barrel-fermented north-eastern Italian.

Sainsbury's Sauvignon Vin De Pays D'oc £3.35. Better than most Languedoc answers to Sancerre.

Santa Sara 1988 £3.35. Oaky, slightly sweet Portuguese white from Australian Peter Bright.

Chateauneuf-du-Pape 1988 £3.35. Much better than most Languedoc answers to

WHITES  
Chapel Hill Chardonnay 1988 £3.35. Terrible label, but great value. Made by a New Zealander in Hungary. Of course. Much more convincing than Chapel Hill Sauvignon.

The Country Collection Bas-

Sancerre, and possibly the best wine yet from the French outpost of Hardys of Australia (although their quarter bottles of Merlot 1981 continue to shock British Airways customers with their quality).

Dentelles Estate 1981 £3.99. Well-made lively dry white. Full, round and fruity. Unapologetically English.

Vignier 1992 £4.48. Scented, pale version of Condrieu from the Ardeche co-op.

Moondah Brook Chenin Blanc 1982 £4.99. Sainsbury's most interesting Australian wine (as opposed to wine-maker). Oak and lime, but nothing like after-shave.

Red Campo Tinto £2.99. Good lively Portuguese red from Peter Bright, whose Argentinian red Malbec/Cabernet and, especially, white Torrontes at £2.99 should be the bargains of August when they arrive.

Gyongyos Country White 1988 £3.35. Now for Hugh Ryman (of Bordeaux/Languedoc, Moldova et al) playing with Semillon grapes in Hungary. Very lively (and the racy Gyongyos Char donnay is probably worth the bloom of youth. Some are just

reaching the shelf. Spot the wine with no antipodean connection.

CHARDONNAY  
Chardonnay 1988 £3.35. Special offer. Silly price. Respectable quality.

Green Point 1990 £9.95. Australian fizz from Moet & Chandon; very bit as good as the above.

Nagyred Szekszard Sauvignon Rose 1992 £3.99. Pretty, very pale, dry and scented.

Bouvier Trockenbeerenauslese 1988 £5.35 (half). Rich, curiously Austrian dessert wine.

OTHERS  
Jeanmaire 1988 Champagne £9.95. Special offer. Silly price. Respectable quality.

Green Point 1990 £9.95. Aus-

tralian fizz from Moet & Chandon; very bit as good as the above.

COPERTINO BISERVA 1988 £3.95. Hilly southern Italian, a prime candidate for cellaring.

Caves de Weinert 1985 £5.99. Full, sweet, viscous and a real mouthful. SPECIAL

OTHERS  
Jeanmaire 1988 Champagne £9.95. Special offer. Silly price. Respectable quality.

The idea of plunging courgettes into boiling water is anathema to me but steaming is excellent as it avoids waterlogging and shows off the delicacy of the vegetable particularly well. Few recipes are simpler than this, which is, so to speak, the vegetable equivalent of Devonshire splits -

are infinitely easier on the cook than those that are tossed, and I recommend these with wine as a pre-theatre boune bouche or with a salad, cheese and fruit as a late-night supper. Enough for two to four.

Roellinger's imagination was fired by the history of St Malo, the nearby port. He says: "My cooking is neither French nor

is a beast to wash up.

CHICKEN WITH COURGETTES

TOMATO AND TARRAGON

Chicken, courgettes, tomato and tarragon are a lovely light

summer combination and this makes a pretty dish piled into a ring of basmati rice.

Make a smooth batter, by hand or in a food processor, using 3 oz flour, ½ to ¾ of freshly grated Parmesan cheese, 2 lightly beaten eggs and 4 fl oz semi-skimmed milk. Season with coarsely ground black pepper and a sliver of garlic crushed with salt.

Put 2 x 7 inch flan tins in the oven and heat to 450°F (230°C) gas mark 8. When the oven and the tins are very hot, drizzle oil over the chicken meat into the ring. Pour a tablespoon of oil over the chicken and add a good grinding of black pepper and rub well to season and to anoint every piece.

To cook, first fry the courgettes briefly in a smidgeon of olive oil in a large saute pan or wok. Remove and keep warm. Then stir-fry the chicken and let it rest with the courgettes. Finally add a little more oil to the pan and fry the tomatoes quickly till hot.

Turn off the heat but leave the pan where it is. Scatter the tomatoes with a few blades of chopped fresh tarragon. Return the chicken and courgettes to the pan. Toss to mix, adding extra tarragon and sea salt to taste. Pile the aromatic mixture into a ring of rice and serve straight away.

## How I climbed Mount Everest

sure: if those three people thought there might even be the slightest chance of making the summit, I could not go back to bed.

At 12.30am we were ready to go. "Get on those fixed ropes," said John, "Get on to the South Summit; reassess the situation there. And good luck. I think you're going to be OK. Over."

I heard him switch to base camp: "The beauty of fixed rope," he said, "is that you can't get lost. If the worse comes to the worse, we can just turn around and rattle down the ropes, back to the tent."

I wonder if he would have been happy to let us go if he had known what we were to discover? There were no fixed ropes. They must have been buried in the snow.

There were just three of us now. Cheri Zhamdu had a cough, and was forced to turn back after climbing only a couple of hundred yards from the Col. It was dark, very dark. And to add to the fun I had let my head torch batteries run flat, as had Ang Pasang. Kami Cheri led, turning his head every few paces so we could follow.

It was much steeper than I had imagined; icy in patches.

In other places rock lay camouflaged under the thinnest pow-

dering of snow. I wondered at times how the hell we were going to get down again.

But for the moment we were heading up, and, I thought, rather well. The Sherpas, apparently, felt otherwise. It was about 3am, still dark. They sat in the snow and refused to budge.

"What's the matter, guys?"

They were chatting away madly on the radio, in Nepali.

"Nawang says you've got two cold, scared Sherpas," said John. Nawang was the cook at Camp 2. Well, perhaps: thin cloud now engulfed us and there were no longer stars visible in the sky.

"Maybe if you can persuade them to keep going until dawn, that might do the trick," said John.

Maybe. "Look, Ang Pasang, let's just keep climbing until we catch up with the three ahead. We can discuss it with them."

I tried everything: "Take my jacket" (I had a spare one), "If you get to the top? Of course you can come to London."

There was a reluctance, but they - we - moved on. We never did discuss the matter with the three climbers ahead. We caught up with them, said our hellos and climbed on past (they had no oxygen, so climbed slowly).

It was hard work harder for the Sherpas than for me. I was on three litres of oxygen per minute; they on one. That is a big difference. We would take seven paces, maybe eight (ten



The climbers work their way up Kumbu Icefall into Western Cwm

was always beyond our reach) and rest for a minute, another six, and rest again. And when the snow deepened, we took it in turns kicking steps.

Up and up. The dawn broke and light snow blew in our faces from the east. The whole of Tibet was one ominous snow cloud, and yet somewhere - somewhere along the South East Ridge leading to the South Summit - the Sherpas' attitude changed. They wanted that summit too.

I do not know why: I had read hundreds of books and talked to countless people, and yet when I stood on the South Summit, the view along the final ridge to the summit true, staggered me. Everything we had climbed thus far was snow, or ice. This was rock, mostly: angular lumps falling away sharply left and right.

"You can go first Kami Cheri," I said.  
"No, you go."

Kami Cheri led. It was not difficult by Alpine standards; perhaps a little. But it was exposed. Best not look down. This was Hillary Step territory.

There were fixed ropes, in parts; but where there were not, one slip and it would all be over.

I was happy when I left the rock behind for the broader snowy ridge, that led to the summit. I knew it was the summit: it had lots of flags on

top. It was not very dramatic. But the joy on the Sherpas' faces made my heart near burst. They grabbed the radio. "Summit, summit, summit. We make summit!"

I suppose it is fear that forbids one to bask in such moments too long. The cloud cleared for a moment to reveal a view across the Tibetan plateau that stretched for miles to China and Mongolia, no doubt. But I only glanced for a second. It was cold, and the wind had picked up a little.

Going down was exhausting: I knew it would be. And dangerous. The five people who had died this season, died here, descending from the summit to the Col. I concentrated so hard; and the Sherpas were wonderful.

"Slowly, slowly," Kami Cheri led, while Ang Pasang paced himself just behind me.

It took about five hours down, and for an hour of that time the snow cloud that had filled Tibet invaded our path and masked our vision almost completely. But I felt calm, and when it cleared, there, far below, was a small, red figure on the Col, excitedly waving his arms. It was Cheri Zhamdu.

A half hour later and he was unstrapping my crampons and rubbing my hands warm because, casually, I had remarked that I was chilly. He boiled some noodle soup, but I was not hungry. Gently, he insisted I should crawl into my sleeping bag and rest, but I could not sleep.

It did not matter; nothing mattered that night. I was content. It was a feeling I had never before experienced.

### CLARETS AND VINTAGE PORTS

#### WANTED

We will pay auction hammer prices. Payment immediate. Please telephone Patrick Wilkinson 071-267 1945

WILKINSON VINTNERS LIMITED  
Fine Wine Merchants  
41 Constance Rd London NW3 2LN

## PERSPECTIVES

# Siberian odyssey with no end in sight

**E**ARLIER this year Tom and Cathy, a well-meaning couple from Sacramento, California, decided to adopt a Russian baby. They armed themselves with official papers, a video camera and plenty of American food, and set off. Another 13 families joined them each in a separate quest for a new child.

In the event, their supplies of patience - and peanut butter - proved barely enough. What Tom and Cathy - they do no want to be too closely identified - had planned as a brief mercy mission turned into an odyssey that led them into battle with bureaucrats and local political leaders - before finally dumping them, in uncertain exile, in Novokuznetsk, a Siberian mining town.

"What we were wanting to do was give some hope to a child. We never thought it turn out like this," said Tom, when I ran into them in the seedy corridors of the town's only official hotel. With their sneakers, T-shirts and money belts, they looked deceptively like an

American tourist group - except that there was little reason why any tourist would ever choose to visit, let alone stay, in a town as unlikely as grimy, smog-filled Novokuznetsk.

Tom and Cathy's endeavour was far from unique. In the last two years, as the former Soviet republics have been flinging open their doors to the west, Russia - along many other East European countries - has become increasingly attractive to Western couples desperate to adopt children. The trend seems to be growing. According to the American embassy in Moscow, around 100 children are now being officially adopted by Americans each month, with a much larger, but unknown number being adopted by other nationalities and through illegal channels.

Under Russian law, children can only be adopted by foreigners if they have handicaps or incurable diseases - although in practice, the regulations have often proved

distinctly elastic, especially in the face of the large fees that many American adoption agencies are now demanding.

"Many of the children who have been given Soviet certificates saying they're handicapped are not really bad at all," says Katharine Allen, a doctor at the American medical centre, who examines most of the children adopted by American parents.

But for Tom and Cathy, members of the Sacramento Warehouse Ministries Church, bending the rules did not sit easily with their humanitarian ideals. Indeed, as their group earnestly explained, one reason for choosing to adopt in remote Novokuznetsk had been because it was outside the grasp of the semi-legitimate adoption agencies that are now dominating the "business" in the big cities and demanding five figure fees.

"We came out here to do things properly," said the pastor who

spoke for the group. "We are doing everything we can according to their laws."

But in a country where every region is acting as a law unto itself, finding who administered the "laws" had been extremely difficult. At their first stop in Moscow, they had theoretically received full rights of adoption - and as far as the grateful orphanage and local health ministry had been concerned, that had been enough. Within days of arriving in Novokuznetsk, the group had been allocated 20 handicapped children, and had set about "bonding" with their new offspring.

"We went and bought them toys and tried to talk to them," explained Jean, a nurse, as she sat clutching a polaroid photograph of a thin, pale child that she insisted was now "hers."

But then the local education ministry stepped in according to its understanding of the "law" the

papers were insufficient and the health ministry did not have the right to approve adoptions.

"Many people here do not like to think that Americans can come in and buy up our children. We feel that it lessens our national pride," admitted one local bureaucrat, who, like most of the officials involved in the saga, was reluctant to give her name.

Letters were exchanged, visits made and intense back door political lobbying started. Then, as the weeks dragged on and the negotiations collapsed the local administration banned the Americans from the orphanage.

"We sit here and we know the children are so close, but we can't do anything," continued Jean, shakily, as she sat on a broken armchair in the hotel, almost a month after she had first arrived in Novokuznetsk.

So what had they been doing with themselves?

There was a pause. Their faces began to reflect a little of the strain, exhaustion and culture shock of previous weeks. For about half the families, this trip had been their first real chance to find a child. Few of the group had ever travelled before outside America and none spoke Russian.

"We sit here, go for walks, wait," muttered Tom, a sales representative by profession.

"Oh and go shopping," said another. Shopping? I wondered.

"There's nothing to buy. We found some baby clothes when we arrived - but they were winter baby clothes so now they're no good," added Jean sadly.

"On - and Tom's making a video of the trip. He wants to have something to show his little girl when she grows up," added another. "Well, that's what we hope."

There was not much more to say. They murmured vaguely about

"growing experiences". I gave them my old newspapers - and then gratefully flew out of Novokuznetsk on the next flight.

A month later I phoned Sacramento to find out what had happened. The reply was pained. The group had returned to America after two months. Only three of the children had been allowed to go with them, with promises made that more could be collected later this year.

"We are not bitter," Sue Westrom, programme director from the Sacramento Christian Adoption Programme, insisted evenly. "We understand the problems because some people have abused the system in the past."

But what were the families like Tom and Cathy, who had waited for so long, going to do?

Continue to wait, and hope, she said - and then go back to Novokuznetsk in the autumn, armed with yet more paper work, video tape, and perhaps a fresh supply of peanut butter.

## Stonehenge: new plans for the rocks of ages

Gerald Cagodan on how best to preserve Britain's greatest monument

**T**HE USUAL constraints on visitors will be in force at Stonehenge this summer solstice. That means no Druids, no "travellers", and no special access at dawn on Monday when the midsummer sun rises over the Heel Stone along the axis of the Avenue, the precessional way outside the great circle of standing stones in Wiltshire, as it has been doing now for more than 4000 summer solstices.

The long, mysterious history of Stonehenge, which began probably over 5000 years ago, has one advantage for 1993 AD. It puts into perspective the slow progress of English Heritage (EH) towards solving the problems of how to preserve, conserve and present the monument. Because it is so old and because it is unique, it demands that we find the best possible solutions.

Nine years ago, when EH was formed, under Lord Montagu as chairman, it announced that Stonehenge was a top priority. It also badly underestimated how long it would take

to tackle it. Five more years is a fair guess. What is the position now, and what are the prospects?

Nobody would dispute that its present surroundings, on a triangle of land between two busy roads (the A303 and A344), and its squalid visitor facilities, inadequate parking and gloomy post-war concrete

monuments - especially the important burial barrows - put there precisely because they were next to the holy place of power. At the same time visitors would have time to get over the travails of the drive and to adjust to the breadth of history as they walk like pilgrims to Stonehenge.

To run greater Stonehenge -

**'The Stonehenge problem is a perfect microcosm of all the problems we face at such sites around the world'**

buildings, do not honour Europe's premier prehistoric monument. EH has long suggested that the A344 be closed and grassed over and the present visitor centre be moved far enough away that visitors have to walk to the stones.

These proposals would do wonders to restore Stonehenge to its proper position as the heart of a downland landscape crammed with prehistoric

monuments - especially the important burial barrows - put there precisely because they were next to the holy place of power. At the same time visitors would have time to get over the travails of the drive and to adjust to the breadth of history as they walk like pilgrims to Stonehenge.

Where is the best place for the visitor centre? EH long favoured the Larkhill site to the north, a 1km walk to the stones, and displayed the winning plans of Edward Cullinan (designer of the visitor centre at Fountains Abbey) at an exhibition at the Royal Insti-

tute of British Architects in London in January. Now, however, things are not so clear. There are problems with the approach road to Larkhill: if it is from the north, the Ministry of Defence, which oversees many military manoeuvres in the area, is not happy; and if it is from the west, it may affect the underlying archaeology. So public consultation is under way again to find the best site and a present exhibition at Stonehenge shows eight possible areas, rating them by the following (perhaps surprising) criteria:

- How much will the sites damage the archaeology
- How far are they from the public highway
- How long would the walk be to the stones
- What is the cost (estimated at between £12.5m and £16.5m)
- How impressive is the approach - a class which Larkhill and the New King Barrows (east of Stonehenge, enjoying the same marvellous view as you have driving on the A303 from Amesbury) wins easily.

Visitors can fill in a questionnaire and send it to EH, which will also have the guidance of a professional seminar at the Society of Antiquaries in Burlington House, London, on July 6. After that, EH and the National Trust will choose a

site, re-structure Cullinan and the landscape architects Livingston Eyre, submit a planning application, be ready for the inevitable public inquiry and await eventually the decision of whoever is then secretary of state for the environment. Five years for all this is probably not enough.

In the meantime, who will pay for the work? EH, under Jocelyn Stevens, its new chairman, says that it will be looking for outside funding, perhaps similar to the Sainsbury supermarket family's gift of the new wing of the National Gallery in London. Or we may be there when have a government that sees Stonehenge as a crown jewel of our national

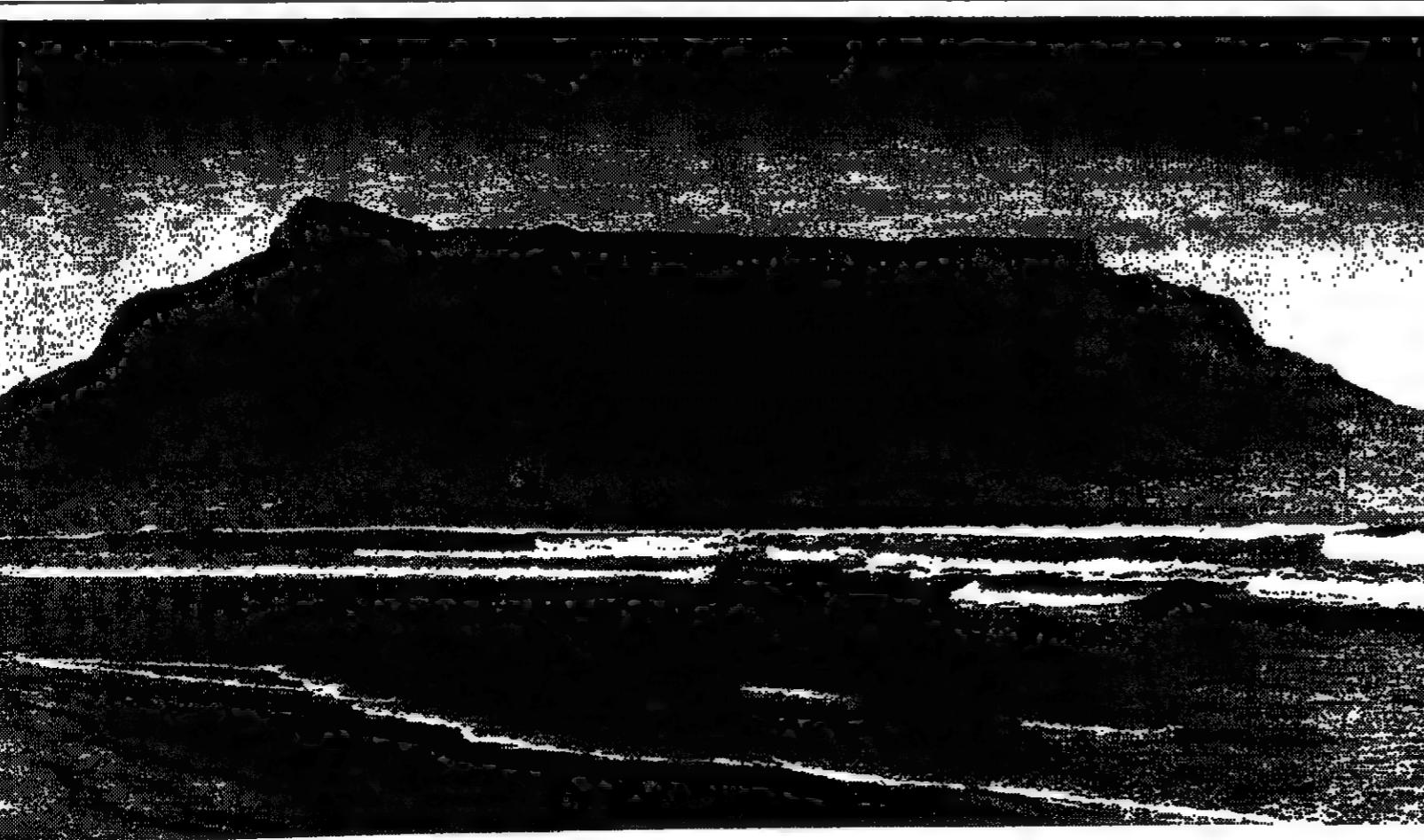
heritage, quite apart from the money its visitors inject into the economy, and therefore will fund it wholly from public money, or from the National Lottery.

The A303 road is the other big problem for Stonehenge: it runs too close. The Department of Transport has proposals and is willing to fund them. Either keep the present route and put it in a tunnel next to the stones (known as the "yellow" solution) or re-route it over 1km to the south (the "grey" solution), which saves the stones and should do less damage to the archaeology around. The latter is preferable, as the President of the Society of Antiquaries, Professor Barry

Cunliffe of Oxford University, has informed the DOT.

At present, he says: "As the cars whiz by, I think of Oscar Wilde's Ballad of Reading Gaol - 'Yet such men kill the thing he loves'. The whole Stonehenge problem is a perfect microcosm of all the problems we face at such sites around the world. If we can solve them here, we should be able to do it anywhere".

What problems? Preserving the place; maintaining it; presenting it; controlling visitor access so that it is not spoilt; controlling the transportation that brings people. Can Britain do it? I hope so. These holy, mysterious stones deserve the best we can give them.



## A waterfront for snobs

Patti Waldmeir enjoys herself at Cape Town's spruced-up harbour

**H**ERE ARE at least three reasons to stay away from most of the world's famous redeveloped waterfronts: too many architectural clichés; too many too many architectural clichés; much junk food.

Cape Town's bijou harbour district has been built for snobs like me. Crowds are manageable - and an easy racial mix seen nowhere else in South Africa - the architecture astoundingly understated, with the minimum of Victorian frills and fretwork;

although fast food is a bit of a let-down, the harbour's fish restaurants maintain the upmarket tone.

The name is implausible: the Victoria & Alfred waterfront. Surely, some post-colonial joke by the developers? But the Cape Town harbour owes

existence to this unlikely pair: Queen Victoria's second son, Prince Alfred, tipped the first load of stone to

start construction of the harbour breakwater in 1860. Ships rounding the Cape of Good Hope found shelter first in the Alfred basin, and later in a second basin named after the Queen.

By 1890, the warehouses and transport sheds built to service Cape shipping in the late Victorian and Edwardian periods had sunk into dereliction. Trendy Capetonians made an occasional pilgrimage to the waterfront's one seedy fish restaurant - the Harbour Cafe - but generally avoided the dangerous and decaying port.

Since then Transnet, the state-owned transport corporation, and private developers have invested around R400m (£21.7m) to redevelop the waterfront area for tourism, shopping and upmarket habitation. More than 1m people visit the V&A waterfront every month, and several thousand more work there, in restored Victorian buildings

overlooking the port. The first residents are due to move into harbour flats and townhouses by 1995. The active fishing port contributes scent, sound, and atmosphere. Harbour cruise boats stop at Robben Island, where tourists can visit Nelson Mandela's former cell.

Cape Town retains many Cape Dutch and imperial Victorian buildings. Port architecture is mainly late Victorian or Edwardian, while new structures echo the lines of the antique buildings.

Even the Victoria Wharf shopping centre - designed as a light and airy version of a Victorian railway station, complete with floor tiles made from

original period moulds - scores high on the scale of snob appeal.

In this land of the giddy shopping mall Victoria Wharf provides a nice mix of trendy women's fashion boutiques and African crafts, ethnic food stalls and proletarian movie houses. Africans and whites mingle without the suspicion and fear which poison inner-city shopping in Johannesburg.

The African National Congress initially condemned the project as a playground for rich whites: but as the movement learns to throw off the hair-shirt of liberation politics, it has begun to realise that even South Africa needs its playgrounds - and what more delightful one than the V&A waterfront, a place of historic charm and modern opulence where South Africans can go to escape, for at least a few hours, the birth pangs of their new multi-racial nation.

**More with Less.**  
A more effective workout in less time.

**Less time.** The highly efficient workout of Nordicsport ski takes just 20 minutes a day, three times a week.

**Less dieting.** Burn up to 1,100 calories per hour. Sensible eating and Nordicsport offer the best way to lose weight.

**Less impact.** Nordicsport has an exclusive graphite and one-way clutch system for a non-jarring workout that's easy on your hips, knees and back.

**Less risk.** Try Nordicsport in your own home. We guarantee your satisfaction with a 30-day trial.

**nordicsport**

by NordicTrack

FREE Video and Brochure

Call: 0800 616179 Ext. FT3F3

M-F 8 AM to 8 PM,  
Sat. 9 AM to 4 PM

1-800-Nordicsport  
Nordicsport

1-800-336-3333  
NordicTrack (U.K.) Ltd.  
Collins Road • Heathcote Industrial Estate  
Warwick • CV3 6JL  
Tel: (020-850004) • Fax: (020-8738111)

Free brochure Free video

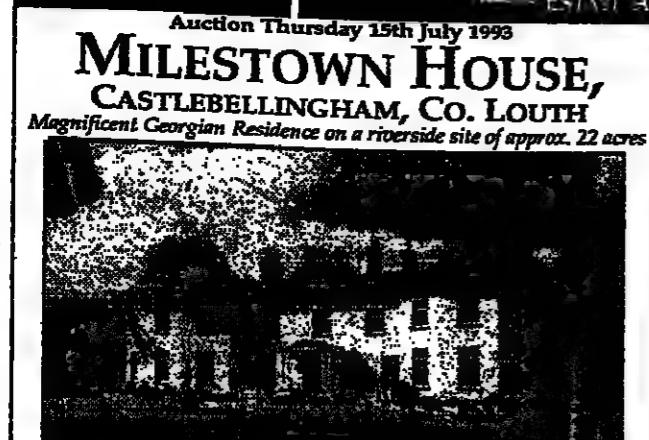
Name \_\_\_\_\_  
Address \_\_\_\_\_  
Telephone \_\_\_\_\_ Post Code \_\_\_\_\_

Send to:  
NordicTrack (U.K.) Ltd.  
Collins Road • Heathcote Industrial Estate  
Warwick • CV3 6JL  
Tel: (020-850004) • Fax: (020-8738111)



## IRELAND

The Estate Agents with  
the largest network of  
offices Nationwide.



Considered to be one of the finest houses of its type in Ireland, the residence nestles in a magnificent setting with the front garden overlooking the river Glyde and is surrounded by ornamental gardens and mature woodland. It has its own private jetty with mooring facilities and extensive fishing rights on the river. The top class accommodation comprises entrance hall, dining room, drawing room, family room, kitchen, laundry room, cloak room, bathroom, shower room, billiard room, games room, 5 bedrooms and an extensive master bedroom suite. Some additional features of the property are the superb AstroTurf tennis court, the heated indoor swimming pool and the internal squash court. The property comes complete with a caretaker's apartment, gardens with greenhouse and a yard with 4 loose boxes.

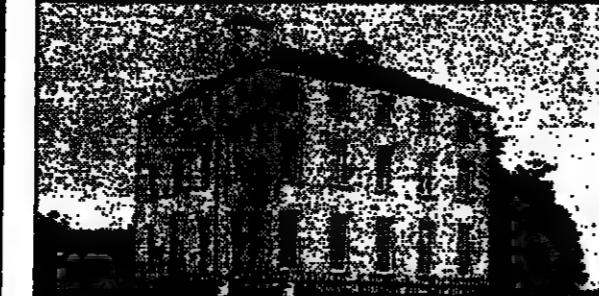
Title: Freehold

GUNNE  
ESTATE AGENTS LTD - 353 1622100

Auction Wednesday 4th August 1993

BLACKWATER HOUSE & STUD  
KELLS, CO. MEATH.

On approx. 200 acres - (in one or more lots)



A magnificent Georgian residence in a spectacular parkland setting overlooking the river Blackwater. The generous accommodation includes 3 gracious reception rooms, 5 bedrooms 4 en-suites, large kitchen and further ancillary accommodation. The outbuildings include: courtyard with garages, lock room etc. stud yard with 30 loose boxes and outer yards with good cattle handling facilities. The lands, of excellent quality, are all in grass and stretch from the Carlow town to the Moynalty roads with the river Blackwater flowing through them. Many famous winners were bred at Blackwater House Stud including Cam Rouge, winner of the Champion Stakes and Rose Above winner of the Cheltenham Gold Cup.

Title: Freehold

Auctions at 3.30pm in our  
Ballsbridge sales room  
(unless previously sold)  
Visiting by appointment

BUYING/  
SELLING IN  
IRELAND

We have 35 offices  
nationwide.

Contact us for all your  
needs. National  
property network,  
Ireland.  
010-353-51 40041

CO. CORK, IRELAND,  
'GREENSTONES HALL'  
GLANDORE

Georgian residence.  
Magnificent private location  
overlooking the Harbour.  
Direct access to shorefront  
boathouse and slipway.

Three separate Estate Cottages.  
Walled gardens. C. 10 Acres.

Property can be divided.

PRICE : IN EXCESS OF  
£R2800,000.00

CHARLES MC NICHOL, MC NICHOL LTD,  
SKIBBEREN, CO. CORK.  
TEL: 028 21555 FAX: 028 21055

## COUNTRY PROPERTY



## GLORIOUS SOUTH DEVON

Scandinavian Lodges in beautiful wooded valley. From £44,000. C.G.T. roll-over relief. Guaranteed 10% net returns. Full management. Indoor pool & many facilities.

W.M. WOOD, BISHOPSTEIGNTON, DEVON TQ14 9TN  
Tel 0626 776988 FAX 0626 770595

Jackson Stamps  
& Staff

Hampshire Port Solent.  
Portsmouth 3 miles.  
Chichester 17 miles.  
Southampton 14 miles.  
London 76 miles.

A west facing 5th floor apartment in this outstanding Marine development overlooking the Solent with reaching views across the water to Portsmouth Castle. Entrance hall, sitting room/dining room, fully fitted kitchen, west facing balcony, principal bedroom with built-in en-suite, second bedroom, study, bathroom, shower room, garage, parking. James Harris, Windermere (0982) 841942

NEW FOREST - BEAULIEU O.I.R.  
A modern French style Magnificent single storey residence set in grounds of 20 acres bordering the New Forest and Estbury Estate. Drawing room (28x20') sitting room, dining room, sun room, study/breakfast room, 6, kitchen/diner/dinner room, utility room, shower room, 4 double bedrooms, 3 en-suite bathrooms, shower room, garage. James Harris, Windermere (0982) 841942

ISLE OF MAN - Chrystale Chartered Surveyors for Properties at all prices. No Capital Taxes. 0854 812335.

TADWORTH PARK, NR EPSOM DOWNS  
- 4 & 5 BEDROOM BOVIS HOMES

Individually designed and thoughtfully located in peaceful surroundings, these four and five bedroom Bovis homes have an exceptional specification.

Why wait? 2% of your mortgage rate for 2 years or carpets and curtains included.

Prices from £230,000. Telephone: (0737) 373471 (24 hrs)

Subject to contract and status. Offers available for reservations on certain plots. Tel: 01737 373471

Prices correct at time of going to press. Ask at our sales office for details

## CLUTTONS

NORTH YORKSHIRE  
NEAR SKIRPTON

Skipton 10 miles. Setts 7 miles.

Quaint village with a church and pub.

A most attractive period house set in a superb rural setting in magnificient mature gardens with views over the Yorkshire Dales. North York Moors Park. Three bedrooms, two reception rooms, kitchen, breakfast room, utility room, shower room, 3 en-suite bathrooms, shower room, garage, parking. James Harris, Harrogate Office (0423) 223423

COTSWOLDS, BOURTON-ON-THE  
WATER. Courtyard style development of only eight one and two bedroom apartments built in reconstituted stone nearing completion. Prices from £23,500 to £46,500. R.A. Bennett & Partners, telephone 0489 280500. Tel: 0800 727948

INTERNATIONAL PROPERTY

BOVIS ABROAD

0800 252235

FAX 071-823 6431

Villa Plots from £80,000 - approx 1/3 acre upwards.  
(Construction prices available on request).

PAY OVER THREE YEARS - INTEREST FREE  
Applicable to sales prior to 30 September.

Inspection trips by arrangement.  
(Refundable to purchasers). P&O ►►

QUINTA DA BOAVISTA  
WESTERN ALGARVE  
(NEAR LAGOS)

AN EXCELLENT INVESTMENT

For sale in Paris XVI, direct from owner - Avenue Foch. A prestigious bright and sunny ground floor apartment - 140 m<sup>2</sup>. Spacious entrance - 5 rooms, 3 bathrooms, terrace and 130 m<sup>2</sup> private garden, maids room, garage, cellar.

Please write to Box B1078, Financial Times,  
One Southwark Bridge, London SE1 9HL.

AUCTION SALE

From the "Notaires"  
Real Estate Market  
12, av. Victoria 75001 Paris  
On Tuesday, June 29, 1993 at 2:30 P.M.

PARIS 8° - "Triangle d'Or"

12 AVENUE MONTAIGNE  
3-room apartment about 144 sq.m., unoccupied, on the 7th floor, maid's room, parking, 3 ceilings. Starting price : FF 8 million. Visits on June 22 from 10:00 to 12:30 A.M. and on June 23, 25, 28 from 2:00 to 5:00 P.M.  
For further information, contact : M. LECARPENTIER (1) 42.67.97.72

M<sup>2</sup> GUILLAUMONT Notary 63300 THIERS, France

RETIREMENT

DRAINS: 'NOT ANY MORE'

If your vision of retirement doesn't include blocked drains, consider an English Court yard property. You'll appreciate the space, comfort and convenience of our prize-winning cottages and properties. It is reassuring to know that drains and gutters are no problem, not yours. We look after all external maintenance and we are on hand 24 hours a day if needed.

Properties now available at: Prestons

Cottages our latest retirement development

located in the Vale of Cox. Prices range

from £172,500. To find out more about

these and other properties in Bucks, Kent,

Wiltshire and Somerset, ring for a brochure.

The English Courtyard Association

8 Holland Street, London SW1A 4LT  
FREEPHONE 0800 220858

Weekend FT

On 26th June 1993

RESIDENTIAL PROPERTY

editorial will focus on

COTTAGES

To receive news please contact:

Sally MacGregor  
Tel: 071 873 4936 Fax: 071 873 3996

FINANCIAL TIMES

26th June 1993

RESIDENTIAL PROPERTY

editorial will focus on

COTTAGES

To receive news please contact:

Sally MacGregor  
Tel: 071 873 4936 Fax: 071 873 3996

FINANCIAL TIMES

26th June 1993

RESIDENTIAL PROPERTY

editorial will focus on

COTTAGES

To receive news please contact:

Sally MacGregor  
Tel: 071 873 4936 Fax: 071 873 3996

FINANCIAL TIMES

26th June 1993

RESIDENTIAL PROPERTY

editorial will focus on

COTTAGES

To receive news please contact:

Sally MacGregor  
Tel: 071 873 4936 Fax: 071 873 3996

FINANCIAL TIMES

26th June 1993

RESIDENTIAL PROPERTY

editorial will focus on

COTTAGES

To receive news please contact:

Sally MacGregor  
Tel: 071 873 4936 Fax: 071 873 3996

FINANCIAL TIMES

26th June 1993

RESIDENTIAL PROPERTY

editorial will focus on

COTTAGES

To receive news please contact:

Sally MacGregor  
Tel: 071 873 4936 Fax: 071 873 3996

FINANCIAL TIMES

26th June 1993

RESIDENTIAL PROPERTY

editorial will focus on

COTTAGES

To receive news please contact:

Sally MacGregor  
Tel: 071 873 4936 Fax: 071 873 3996

FINANCIAL TIMES

26th June 1993

RESIDENTIAL PROPERTY

editorial will focus on

COTTAGES

To receive news please contact:

Sally MacGregor  
Tel: 071 873 4936 Fax: 071 873 3996

FINANCIAL TIMES

26th June 1993

RESIDENTIAL PROPERTY

editorial will focus on

COTTAGES

To receive news please contact:

Sally MacGregor  
Tel: 071 873 4936 Fax: 071 873 3996

FINANCIAL TIMES

26th June 1993

RESIDENTIAL PROPERTY

editorial will focus on

COTTAGES

To receive news please contact:

Sally MacGregor  
Tel: 071 873 4936 Fax: 071 873 3996

FINANCIAL TIMES

26th June 1993

RESIDENTIAL PROPERTY

<div data-bbox="210 1515 378



## SPORT

Tennis/John Barrett

# Rivals for the throne of the hair

**N**OT UNTIL last Tuesday did we know whether defending champion Andre Agassi, the No 8 seed this year, would be able to keep his appointment with tradition by opening Wimbledon's Centre Court programme on Monday.

It was only after he had lost in three sets to the German left-hander Charlie Steib in the new grass court tournament in Halle, Germany, that the 23-year-old American could confirm he had no pain from the tendonitis of the right wrist that had stopped him competing since April 9. When he pulled out of the French Open last month Agassi said: "Whatever happens, I am determined to defend my title at Wimbledon - even if it means having pain-killing injections."

Cynics will suggest that Andre's determination to play has more to do with a racket contract he has just signed than with pride of performance. Nevertheless, the multi-million dollar deal should considerably relieve any lingering pain.

More painful is Agassi's draw. The champion may hardly have time to play in his new racket. His first round opponent is Bernd Karcher who comes from the same Iphitos Club in Munich as the 1991 Wimbledon champion, Michael Stich. He has the same coach, too, New Zealander Mark Lewis.

Karcher will be no pushover. Two months ago this powerful hitting beat Boris Becker in Hamburg en route to the semi-finals. At the French Open he overpowered as good a clay court player as former champion Michael Chang. Unless the slightly overweight and ponderous Agassi can find his best form, and with no match play that is unlikely, the fast improving German may end his brief moment of glory. Andre could find himself returning to Las Vegas sooner than he thought aboard his new jet. "The flagship of American Airlines" as a pressroom wag christened it.

Becker, seeded four, also has one of the strong young Germans, Marc Goettner, as his first opponent. When, in Nice last April, qualified Goettner, delivered his thunderbolts to win his first Tour title, with victories over Stefan Edberg and Ivan Lendl, he sent shock waves through the tennis community. This 22-year-old, Bonn, a genial giant who stands 6 ft 5 in his socks, is an intimidating figure even when he smiles, which he did a lot in Nice. You could see the gulf in Goettner's eye at practice this week when he heard of his draw. Becker, short of match play and still a yard slow at the Stella Artois last week, was less than thrilled. His response was to visit David Lloyd's Club near Wimbledon for extra gym training.

All this action takes place in the top half of the draw where Pete Sampras is the No 1 seed. Sampras is still my idea of the most likely winner in a year when there is no outstanding favourite. Sampras has a reasonable draw although he may have to play the Stella finalist Jamie Morgan in the second round. As we saw at Queen's Club last week, when he saved two match points in beating Edberg and then held four points to beat Stich before losing, the quiet Australian with the heavy serve is a natural grass court player, even though he hardly ever plays on the surface.

**S**ampras is supposed to meet Agassi in the quarter-final but I expect to see either Richard Krajicek (seeded nine) or Marc Rosset emerge to challenge him. The probable second round meeting between these non-ball servers should produce enough fireworks to make November 5 seem like a dark night.

If Becker survives Goettner's onslaught, as he should, there will be other stern tests against Alexander Volkov, who was within two points of beating Stich in the German's winning year, and Malivai Washington (14). Then, if the seedings prove accurate, there will be another clash with Stich (6) in the last eight. This, a repeat of last

week's Stella quarter-final and also the 1991 Wimbledon final, both won by Stich, would be an emotional match for both. The leadership of the German game is at stake.

The lower half is dominated by Edberg (2), and last year's finalist Goran Ivanisevic (5), who should both rise above a plethora of clay couriers and emerge to the semi-finals. In spite of the Croatian's lack of match play due to a stress fracture of the right foot and Achilles problems (everyone, it seems, is carrying an injury), I believe that he will improve as he starts to pile up those aces - there were 206 last year! As usual the canny Edberg has timed his effort well and there is the prospect of impending fatherhood to inspire him, not to mention the lure of a third title and a prize of £205,000 - just about enough to deserve the nursery.

Jim Courier (3) is supposed to be Ivanisevic's opponent in the last eight but I shall be amazed if he survives to that stage. Drained from his unavailing fight against Bruguera in the French final, Courier needs a rest. Jason Stoltenberg, Wayne Ferreira (13), or an improving Swede called Henrik Holm, whose father was an old opponent of mine, might oblige. What of Ivan Lendl, the No 7 seed? Sady, this most professional of athletes, now 33, is losing his grip and finding it

difficult to accept the fact. He might easily disappear in round two at the hands of Frenchman Arnaud Boetsch who arrives fresh from a first career win on the grass of Rosmalen in the Netherlands.

If I appear to have ignored the ladies it is only because they are so predictable. In Paris this year the top eight seeds emerged to the last eight for the first time since open tennis began in 1968. Barring injury or illness, I believe the same may happen here. If it does, then the quarter-finals would look like this: defending champion Steffi Graf (1) against Jennifer Capriati (7); Arantxa Sanchez-Vicario (3) versus Conchita Martinez (6); Jana Novotna (8) against Gabriela Sabatini (4); and Mary Joe Fernandez (5) against Martina Navratilova (2) who, is looking for a tenth title. I do not believe we will find it. Although we will probably have a Graf v Navratilova final, I expect to see the German winning for the fifth time.

Oh, and we should have a nice quiet year, too. There will be no grunting from Monica Seles - she is absent - and no interruptions from the fierce Mr Pierce who shouts and fights when his daughter Mary, the No 13 seed, is playing. Jim, an American with a prison record, has been banned by the Women's Tennis Council for the rest of the year. Wimbledon will follow suit.



Gentle giant: Marc Goettner is a first-round threat to Boris Becker at Wimbledon

**I**N THE past 10 days, the performance of a German-born, German-raised soccer star who plays in the German professional leagues and who barely speaks a word of English has done more to raise the spirits of soccer fans in the US than anyone since the great Brazilian Pele arrived in New York in the early 1970s.

In two games, Thomas Dooley, who was recently awarded US citizenship because of his American GI father, scored three goals for the US national team and led his newly adopted country to an improbable victory over England and a highly creditable 4-3 loss to the world champions, Germany.

In the process, Dooley and his team mates turned the US Cup '93 (a four-team contest arranged as a dress rehearsal for next year's World Cup) into a genuinely competitive tournament, and awoke the interest of a surprisingly large number of US sports fans, many of whom at this stage of the year would normally be occupied with baseball, basketball, golf or giant dump-truck racing.

The newspapers and weekly magazines afforded the tournament considerable coverage, highlights were shown on the evening sports news broadcasts, and the historic victory over the English earned an editorial in the *Wall Street Journal*, cheekily entitled "College Boys Shame England".

The size of the audience for the only US Cup game that was shown live on network television (US against Germany on ABC) surprised everyone: roughly 2.6m households watched the game, an audience larger than for some regular-season baseball and ice hockey games.

Although the game was only up against a repeat of a National Geographic show and an "infomercial" on the other two networks, the ABC figures delighted the organisers of next year's World Cup. Alan Rothenberg, head of World Cup USA 1994, described the numbers as "spectacular," adding, "I don't think anybody dreamed we would get that."

More importantly, the game itself won rave reviews. Hank Steinbrecher, executive director of the US soccer federation, said that "seven goals is a pretty good advertisement for ABC and for soccer."

Yet, in spite of the healthy audience, some critics still believe that Americans will not turn on to World Cup soccer in large numbers next year.

In an acerbic column in the

## Soccer/Patrick Harverson

# US falls for all-American German boy and his sport



American as apple-pie: Thomas Dooley of the US makes John Barnes of England look like a native country

New York Times, Richard Sandomir, who writes regularly on TV sports, insisted that soccer and television do not mix. Soccer, he said, was a game played on too large a field to offer the intimacy that makes sport attractive viewing. Sandomir also argued that watching a 90-minute game with commercial

breaks only at half-time was too exhausting for the average American sports fan. (In a revolutionary move, ABC broadcast the game commercial-free.)

Although Sandomir was writing clearly with his tongue in his cheek (soccer, he said, "takes place across enough tundra for a Dr Zhivago

remake"), he has a point. Americans are used to consuming their sport in easily digested, bite-sized pieces - there have to be long enough gaps between each period, quarter, inning, or whatever, to crack open another can of Budweiser, wolf down another hot dog, visit the toilet and

still have enough time before the game resumes to curse your team.

Television World Cup football is going to remain a hard sell, even though the coverage of the US Cup games was surprisingly alert and sophisticated, considering ABC had never done this kind of thing before.

Still, the game resumes to curse your team.

## Croquet/Nicky Smith

# Kings of the lawn

17-3, was a walkover for the British.

"It lacked the same thrill as the last test in New Zealand (in 1990) which was much closer," he says but he was justifiably pleased with his team's success as three of the six players, John Walters, David Maughan and Chris Clarke, were newcomers to test matches.

John Walters, 28, won the 1991 World Championship after nearly a decade of unremarkable play. He has fought through to the finals again last year in Newport, Rhode Island, where he lost to Robert Fulford. Maughan, 28, is distinguished by his accurate and consistent "shooting" ability on the lawns. In Australia, he set a test record by completing a 12-hoop two-ball break against the veteran New Zealand champion, Bob Jackson.

Fulford, 28, is the undisputed top player in the world. He let slip a

maths degree at Durham to concentrate on croquet and since then, has toured the world, earning a meagre living from his play. He made his first test appearance in 1990, has won the World Championship twice and during his recent world tour, won the New Zealand Open Championship, becoming the first British player to do so in 30 years. He is keen on chess and bridge and obsessed by tactics.

Fulford's style of play is unattractive to watch but his ability is undeniable. If croquet provided a fraction of the prize money of golf or tennis, Fulford would be a rich man. His success is all the more impressive because of the growing number of good British players.

With young talent such as this, backed by the experience of players like Openshaw and Colin Irwin, playing his third test this year, it is

small wonder that the British are currently supreme in croquet. Yet both the players and the game receive little recognition. There are two main reasons for this. One is the ingrained image of croquet as nothing more than a "vicious garden game," making it hard for anyone except a keen player to take it seriously.

More important, is the muddled attitude of British croquet's governing body, the Croquet Association. From its tiny corner in London's elegant Hurlingham Club, the CA consistently fights a battle with itself over the nature of croquet. It is a "game" that even Lewis Carroll would have found hard to conceive. On one side lies a craving for publicity and the necessary sponsorship it brings. On the other, is the fear of crude litigation that can follow fame and a rigid defence of British croquet's amateur

status.

Endless discussions are held on

protecting croquet the "right way" which invariably means not at all. Opportunities slip by. Sponsors find themselves welcomed eagerly then forgotten in the stampede to find someone else to back the latest tournament.

Press coverage is haphazard and publicity - of any kind - is usually greeted with suspicion.

However, as in all things concerning croquet, the unexpected can and does occur. Just when the weighty flamingos of administration seem too much to bear something happens to make it all worthwhile. The British Council is staging an exhibition of International Croquet in Milan.

Milan is the headquarters of Italian croquet and, not surprisingly perhaps, given the complicated tactics of their politics and economy, the Italians appear to have a great ability for the game. Until July 21, the Milanese can enjoy an exhibition of more than 100 photographs of croquet players from the 1860s to the present day and follow the fortunes of a game which is now played from Palm Beach to Palermo.



Joint first-round leader Scott Hoch

## Golf/Derek Lawrenson

# Playing to a noisy New York gallery

**E**XPECTING New Yorkers to spend a sporting day in silence stretches credulity to unreasonable bounds.

Bobby Bonilla, for example, was just five games into a new career with the New York Mets baseball team when he saw the home-made-sign in the crowd.

It said: "Do Better, Ya Bum."

Clearly then, worlds collide

when the US Open golf championship makes a periodic visit to one of several designated sites that encompass the outskirts of the city. This year, the venue is Baltusrol, which is in New Jersey, just a 30 minute ride from the centre of Manhattan.

So who is winning in this contest between the brash New Yorker and the sober Royal and Ancient game? Not surprisingly the former is. It is not necessarily a bad thing.

Of course, golf would quickly become extinct if crowd noise became excessive. Silence is not just desirable while a golfer is playing his shot, it is absolutely essential. The game depends on strict obedience of this code of conduct.

But enforced silence can weaken interest. Many golf tournaments become boring through lack of atmosphere.

The promise Rothenberg made two and a half years ago to sell every ticket for every game (a promise which at the time drew cynical laughs from European journalists) looks as if it will be kept.

Print and television commercials advertising World Cup 1994 have also begun to appear, as the organising committee fires the first shots of a year-long marketing campaign. The slogan for the commercials, "Don't Miss It For The World," is clearly aimed at feeding on the American enthusiasm for events staged on the grandest of scales.

The nine stadiums, many of which will put their European counterparts (okay, their English counterparts) to shame, will all be ready on time. Some of them, such as Giants Stadium outside New York and the indoor Silverdome near Detroit, where England and Germany will play tonight in the first indoor international, will prove spectacular showcases for the game's premier tournament.

All in all, the organisers are pleased with the progress of their preparations, especially the success of the US Cup. "We've had huge attendances, a good television rating and a tournament that has come off without any significant hitches... We're over the moon," said Jim Trecker, senior vice president of World Cup '94, a man who has clearly learned one of the most important elements of the game of soccer - know your clichés.

The spectators stepped out of the crowd and into their dream.

Zoeller gave him a five iron.

"I need a four wood," the man said.

"Don't be nervous, now," said Zoeller.

The spectator hit a horrible shot that never came close to making the green.

"Not as easy as it looks, is it?" said Zoeller, as they both shook hands, laughing.

In this tournament where 155 men set out with hopes and ambitions on Thursday there walks also one boy. His name is Ted Oh. He is a 16-year-old, from California, of Korean extraction, who came through the long and arduous qualifying process. He is the youngest US Open competitor for 42 years. In the changing room, the players' lockers are in alphabetical order, and Oh was delighted to find his next to Nicklaus' or "Mr Nicklaus" as he calls him.

On Wednesday, Oh put himself down to play with Severiano Ballesteros. For a few holes Ballesteros was totally absorbed in his own troubled world. But he heard the roars of the crowd, forgot himself for a moment, and saw the play of his young partner. All at once his features softened, he put his arm around Oh's shoulders and told him about trying to keep the ball low under the cross winds and how to play from the collar of rough that protects each green. Then Ballesteros acknowledged the rousing cheers from behind the ropes.

Of course, it can get out of hand. When one fan at the US Open at Shinnecock Hills on Long Island, shouted the word "Choker" at Greg Norman in 1986, he was swiftly invited by the Australian to rendezvous behind the 18th green at the end of his round.

Fortunately, the invitation was refused. But Norman has joined in the applause this week, because he knows that New Yorkers discriminate most of all in favour of the kind of colourful, adventurous golf that he specialises in playing.

In those circumstances, the sport can more than stand a little whoopin' and hollering.

## BOOKS

# Joyceana is still blooming

*James Joyce still generates literary excitement says Anthony Curtis*

**L**AST WEDNESDAY - June 16 - was Bloomsday. That was the day in 1904 when Leopold Bloom walked through Dublin in pursuit of his business and desires, encountered Stephen Dedalus and brought him to his home where Stephen met Bloom's wife Molly. It is the best documented single day in the whole of fiction and it has become a red-letter day in the literary calendar; publishers like to release their latest Joyceana on Bloomsday.

But can there really be anything of any importance left to release? It was way back in 1968 that Richard Ellmann introduced from Faber a hitherto unpublished fiction from the hand of the master, and he suggested that this would be the end:

"It seems probable [Ellmann wrote] that Giacomo Joyce will be the last of James Joyce's published writings. He wrote it over half a century ago in Trieste, at that stage of his life when he was completing *A Portrait of the Artist as a Young Man* and was beginning *Ulysses*. Giacomo Joyce pivots between the two books."

It was only 16 pages long - as was the original notebook in Joyce's handwriting in which it was discovered - but is, even so, complete. It is a meditation by Giacomo, an Irish teacher of English in Trieste, clearly Joyce himself - on one of his female pupils who is Jewish and who attracts him. It is highly autobiographical.

But it now seems that Ellmann

was wrong. Research on Joyce's life and his papers has continued unabated since then. Another Joyce scholar, Denis Rose, has been working for the past 16 years on a critical edition of *Finnegans Wake* and he is convinced that there was another transitional work of fiction, *Finn's Hotel* (the name of the hotel where Nora Barnacle worked when she first met Joyce), composed in between *Ulysses* and *Finnegans*.

This was projected as a series of stories about Ireland and the myths of Ireland. They were begun in 1923 and abandoned in 1924, and then later incorporated into the larger work. Rose claims to have reconstructed this lost work and publication of it was to have been this year's great Bloomsday event. But not for the first time in the history of the publication of Joyce's works, the project seems to have ground suddenly to a halt and is for the moment on hold.

Even so, this year will see in the autumn publication of a "new" book by Joyce, his *Political, Critical and Occasional Writings* from Viking. Little of the contents will come as a surprise to dedicated Joyceana. They will include his early book-reviews, his student paper on Drama and Life (quoted in *Stephen Hero*), his youthful salute to the dying Rosen, as well as later pieces on Wilde, Shaw and Home Rule. Many of these fugitive writings have up to now been difficult of access. To have them all conveniently placed in one collected volume at an affordable price should be a boon.

Meanwhile the work of unlocking the mysteries of the existing



One of the fine photographs by Alain Le Garsmeur in *James Joyce: Reflections of Ireland*

published texts reaches new levels of thoroughness. Joyce's love of word-play grew and grew until it became an obsession, a madness. There are signs of it even as early as *Dubliners*. One of the two sisters who have just attended the death of their brother, a priest, in the first story is guilty of malapropism. She recalls a plan for a nostalgic ride that never took place:

"...he kept on saying that before the summer was over he'd go out for a drive one fine day just to see the old house again where we were all born down in Irishtown and take me and Nannie with him. If we could only get one of them new-fangled carriages that make no noise that Father O'Rourke told him about, them with the rheumatic wheels..."

In their new annotated edition of *Dubliners* the editors not only give us a gloss on Irishtown, the poor area of Dublin south of the Liffey, they also explain that the new-fangled carriages were not motor-cars but horse-drawn carriages with pneumatic tyres. These tyres were invented by an Irishman, J.B. Dunlop, who was later described by Joyce in *Finnegans* as "the best tyrant of ourish times". They add too that Joyce would have seen an advertisement for a patent medicine containing the word "rheumatic" underneath an early version of his story in *The Irish Homestead*.

Then they give us two facsimile pages from the issue of this popular magazine for August 13 1904 containing the beginning of "The

Sisters". It appears under the heading of "Our Weekly Story". The text of the story here differs significantly in places from the later published version we all know.

Such exemplary exegesis takes up a great deal of space; the editors' footnotes become in fact sidenotes; and with the illustrations and afterwords at the end of each story, the material the editors contribute to the book is more copious than the stories it elucidates. Anyone who just wants to read the stories without fuss had better do so in the standard paperback and use this as a reference book. It is invaluable as an insight into the young Joyce's mind and to the condition of Ireland at the turn of the century.

A less exacting way of getting to Joyce's source-material is to look at the photographs by Alain Le Garsmeur that illustrate *James Joyce: Reflections of Ireland*. Much remains in Dublin that he would recognise. North Richmond Street, for example, a cul de sac used by Joyce as the setting for the story "Araby", and where at one time the Joyce family lived. We have the opening of the story on one page, and a photograph of the street as it is now on the facing one. But we need to turn to the Annotated volume for an explanation of the street's name (after Charles Lennox, Fourth Duke of Richmond) and to discover there were at this time two Joyce families living there.

Le Garsmeur is a fine

JAMES JOYCE'S  
DUBLINERS: AN  
ANNOTATED EDITION  
edited by John Wyse  
Jackson and Bernard  
McGinley  
Sinclair-Stevenson £25, 200 pages

JAMES JOYCE:  
REFLECTIONS OF  
IRELAND  
by Bernard McCabe and  
Alain Le  
Garsmeur  
Little Brown £12.99, 156 pages

ULYSSES: THE 1922 TEXT  
edited by Jeri Johnson  
OxfordWorlds Classics £6.99, 900  
pages

photographer, whether catching a customer at Mulligan's raising glass to lips or the grim grandeur of such landmarks as the Poolbeg lighthouse and the Martello Tower where *Ulysses* begins. No area of Joyce's work has proved more contentious than the text of this book. The edition prepared by Hume Waite Carter published in 1922 and currently on sale in Penguin as "The Corrected Text" has been heavily assailed for a host of alleged inaccuracies and was the subject of a blazing long-running row in the literary press on both sides of the Atlantic. The assault was led by an American academic, John Kidd, who is editing the whole thing afresh.

Meanwhile yet another American scholar, Jeri Johnson, currently Senior Tutor at Exeter College, Oxford, has reissued the 1922 text of *Ulysses* published by Sylvia Beach from her bookshop in Paris, Shakespeare & Co. This edition was superseded even in Joyce's lifetime and is now extremely rare. Judged by the text of later revisions, errors abound; but when all is said, this remains the text from which the novel made its initial impact. It is the one that its first reviewers - T.S. Eliot, Ezra Pound, Virginia Woolf, Arnold Bennett et al actually read - and from which they made their assessments. With Johnson's full introduction, there is no reason at all why it should not give a new generation of readers their first experience of this great work.

## The writer who made himself hero

*J.D.F. Jones on a new biography of Hemingway*

**N**OT another biography of Ernest Hemingway? We are bound to be taken round the old familiar circuit of First War heroics, suicide father, boozing, big game and bullfighting, and then the sad decline, the hints of homosexuality, the suppressed homosexuality, the self-inflicted shotgun death. It is somehow so easy to leave out that he was one of the few greatest writers of our century.

It did not help that, from before the Second War until the 1961 death, Hemingway encouraged a personality cult. He projected himself as hero - macho Papa, hunter and deep-sea fisherman, wounded soldier, hard-drinking, hard-loving man-of-the-world. There has ever since been too much confusion between the Hemingway personality and his fictional protagonists - hence some bad biography and a lot of misdirected lit crit.

Far too many words have been devoted to relating Hemingway's dramatic life to his dramatic works: matching the cast of *The Sun Also Rises*, for example, to the pre-war expatriate community of Paris; his father's example as suicide; his sexual proclivity for short-haired cross-dressing; the supposed autobiography of *A Farewell To Arms*. (Hemingway actually spent only a few weeks as a teenage ambulance driver on the Italian Front in 1918 and even afterwards encouraged fantasies about his experiences there).

**A LIFE WITHOUT CONSEQUENCES**  
by James R Mellow  
Hodder & Stoughton £15, 704 pages

against his mother; he suggests that the 1918 affair with the older nurse Agnes von Kurowsky was not so steamy, so intense, even so consummated, as would later appear in *A Farewell To Arms*; he adds proportion to the story of first-wife Hadley losing her husband's manuscripts; he analyses Hemingway's Republican allegiances in the Spanish Civil War; he is particularly well-balanced about the 1918 episode which has so exercised recent biographers - yes, Hemingway's wounding was ridiculously dramatised, with his own help, but "it does not annul the fact that Hemingway had narrowly escaped death...". Commonsense argued that the ordeal had an effect on his life... The confrontation of death proved to be one of his most vital and obsessive themes."

At this point in an engrossing but overlong book the reader begins to understand that its structure is seriously askew. The balance is wrong: one-half of this biography is consumed with the first 27 years, there is far too much detail about the Paris period, and the later career is abbreviated to a degree which seriously damages the value of what Mr Mellow has been attempting.

Only in the closing "Acknowledgments" does he explain that this is the final volume in his trilogy about the Paris outcropping of the Modern Movement - a cultural revolution unequalled in its wide-reaching effects on Western culture except by the Italian Renaissance... (That is surely a touch strong.)

Mellow locates Hemingway at the heart of this pre-war revolution and is at his best in his detail of Stein, Pound, Fitzgerald, Anderson and all that jazz. He chooses to view Hemingway as a "continental" novelist. He is inadequately interested in what happened thereafter. Which seems a pity.

**C**ONTTEMPORARY French philosophers used to be banned from the Cambridge University syllabus on the grounds that they were "literary", therefore bogus and faintly unhygienic. The career of Michel Foucault, who died in 1984 having succeeded Jean-Paul Sartre as the arbiter of French intellectual *haute couture*, explains why.

For Foucault used philosophy to take the cult of the self to the limit; it was the self-immolating programme of a tortured personality which left behind a strange corpus of studied exaggerations and baffling arguments.

"I do not say things because I think them," he once explained. "I say them rather with the aim of self-destruction, so that I will not have to think them any more." Even allowing for his irony and the lack of context, the remark suggests that for Foucault philosophy was, after all, a form of detection.

Philosophy, like science, is conventionally supposed to be the study of universals. How, then, should a biographer treat the life of a thinker who says his life is part of his work and that his work is "to become someone other"?

David Macey, an English writer, has taken the traditional route and has produced a heavily-researched, conscientious narrative which will appeal, I guess, only to campus-bound Foucault-followers. The James Miller work is something else altogether.

Miller, an American academic, has taken up the challenge of writing Foucault's life in terms the subject himself decreed - as a kind of artistic creation. But to say "artistic creation"

gives the wrong impression. Miller is not engaged on a cheerful, uplifting enterprise.

From the first pages describing Foucault's death from Aids it is obvious that this is going to be the pathology of a homosexual, sado-masochist intellectual. No doubt the philosopher's disciples will howl at the desecration of their idol. But Foucault was an iconoclast and Miller is entitled to wield the hammer.

He describes a brilliant but psychologically disturbed schoolboy from Poitiers who went through the claustrophobic regime of the Ecole Normale Supérieure shunned by his fellows and burning with ambition. The suggestive traumas of Foucault's childhood, fictionally recounted by his lover Hervé Guibert after the philosopher's death, could have been presented in evidence here. But Miller keeps them to the end, a token of his even-handedness.

Foucault was obsessed with erotic pleasure which in his last years he indulged in the gay bath-houses of San Francisco. He praised suicide, regarded death as the final rapture and sado-masochism (the curious reader will learn from Miller all he ever wants to know about S/M) as a benign, ecstatic "limit-experience" beyond the bounds of mere sex.

There is something heroic as well as revolting about Foucault's extremism. He could be self-effacing, at least after he had achieved fashionable fame with *Les Mots et les Choses* in 1966, and witty about his uncomprehending audience. Anonymity was the best way of getting an intelligent reaction, he once said, and he called his best-seller "the most tiresome book I ever wrote". Yet there

THE PASSION OF MICHEL FOUCAUPT  
by James Miller  
HarperCollins £18, 490 pages

THE LIVES OF MICHEL FOUCAUPT  
by David Macey  
Routledge £20, 600 pages

was a touch of the Herosaurus about this philosopher who crawled round the temple of knowledge laying packets of *ejaculation* against the pillars.

Foucault's philosophical godfather was Kant, but his inspiration derived from de Sade, Nietzsche and Heidegger. He was an extreme relativist who said madness and sexuality were modern

inventions that prisoners should be released, that rape was equivalent to a punch in the face, that morality was a form of terrorism.

One critic compared his 1986 book to *Mein Kampf*. Others applauded his literary verve but denounced his economy with the facts. Chomsky, the American linguistics guru, described him as an alien from another planet. "He struck me as completely smug". Yet his arguments have been influential. Germany's leading philosopher, Jürgen Habermas, was surprised to find how serious he was: "I mean, he was a philosopher", he said after meeting him.

As he grew older, the philosopher "came out", in more senses than one. Miller's exegesis, so damaging to begin with, unveils a kinder, calmer, more impressive personality. Foucault turned to the early church Fathers and the ancient Greeks to exalt asceticism even while plundering his own body for pleasure. He developed friendships and an almost Socratic benignity. Perhaps he was seeking redemption after all.

Do we need people like Foucault? We probably do. He was a red hot poker plunged into the cool, complacent stream of our rationalist thought-system. Perhaps he will prove more important than that. But I doubt it.

Miller's provocative, occasionally disgusting and compelling portrait will be as much as most of us ever want or need to know about Michel Foucault. It may not be a perfect likeness. But then Foucault should be the last to complain.

*Christian Tyler*

## Diary of a French civil servant

*David Marsh questions the memory of President Mitterrand's right-hand man*

**P**RECISION, shrewdness, ability to concentrate on essentials: one would expect to see a combination of all these characteristics in a top civil servant. The same attributes coupled with a head for figures, might be found in a president of an international development bank. And they would surely be necessary qualifications for a writer who attempts to explain tortuous period in European history.

When Jacques Attali, former senior adviser to President François Mitterrand, now president of the European Bank for Reconstruction and Development (EBRD), publishes a diary of the first five years (1981-86) of the Mitterrand era, the reader might, therefore, expect a feast of insight.

There is, indeed, plenty of information, spread over 556 pages. We read transcripts from summit meetings, blow-by-blow tales of Elysée Palace infighting, and President Mitterrand's views on life, death and Margaret Thatcher. The president is always strikingly well-informed about world affairs. Ronald Reagan, for instance, tells Mr Mitterrand in a letter on March 23 1983 about the strategic defence initiative ("Star Wars") programme. Mr Attali neglects to say that Mr Reagan also let a few million others into the secret in a televised address that very same day.

The fare has the appearance of sumptuousness, but the trail of left-over political *soufflé* from the top tables at

which Mr Attali has supped (and taken notes) is often disappointingly thin. Where Mr Attali shows precision, his procession of details tends to ramble. And where he seeks to demonstrate shrewdness, the effect is undermined by question marks over whether he has got his facts right.

The most interesting parts of the book have much relevance to current French events: the tale of 1982-83 wran-

VERBATIM  
by Jacques Attali  
*Forward*, 938 pages

gling in the Socialist party over the government's battle to keep the franc in the European Monetary System. In other areas, however, there are far too many misspellings of foreigners' names, especially Germans.

It is not unusual for a senior functionary to bring out an inside view of the basins of power. In 1981, Horst Teutschik, Mr Attali's opposite number in the Bonn chancellor's office, published a day-by-day account of the scramble towards German reunification. Mr Attali's *Verbatim*, however, is in a class by itself, for three reasons.

First, the book is foolishly pretentious. Mr Attali, who for a decade guarded the entrance to the president's office, writes in the preface that he saw

his own book. With artistic licence, Mr Attali records the remarks as being made several years before they were uttered, on the grounds that they related to matters on which the president does not change his mind.

Mr Mitterrand is asked, for instance, about his boyhood: in passages of endless variety, he describes how he was a lonely youngster who liked country walks. With promising material like this to work on, it is small wonder Mr Wiesel's own book has been a long time in the making.

The third reason why Mr Attali's tome is remarkable relates to the author's present functions. Civil servants who write memoirs - provocative, amusing or revelatory - generally do so after retiring from public office. Mr Attali's account appears while he is halfway through a four-year term as head of an international bank funded by taxpayers.

Civil servants are not journalists. Mr Attali's eagerness to lift the lid on life in the fast stream can hardly increase anyone's desire to tell him anything in confidence. Does Jacques still take his jester whenever he jets off to Azerbaijan, ready eventually to reveal the inside story of his struggles on the eastern front? At least, if further *Verbatims* are in the making, we can rely on Mr Attali one day to tell us what really happened in the EBRD audit committee.

## Thirty-fourth Antiquarian Book Fair

THE PARK LANE HOTEL  
PICCADILLY, LONDON W1  
22-24 JUNE 1993  
PREVIEW, Tuesday 22 June, 5pm-9pm  
Wednesday 23 June, 11am-8pm  
Thursday 24 June, 11am-6pm  
Antiquarian Booksellers' Association  
Suite 2, 26 Charing Cross Road, London WC2H 0DC  
Tel: 071-379 3041 Fax: 071-497 2114

## BOOKS/ARTS

# Schlock of the new

Brian Wenham revels in some racy ruderies

**R**OBERT Hughes' critique of contemporary American culture is already a tearaway hit across the Atlantic. This Hughes - Australian-born historian and art critic of *Time* magazine - punishes wayward language with the punchy hostility his namesake Merv hurls down on sloppily lettering.

That apart, Hughes R. is a lot funnier, particularly sharp on any and all sign of whining and whining. "We want to create a sort of linguistic Lourdes, where evil and misfortune are dispelled by a dip in the waters of euphemism". As a consequence, "the range of victims available ten years ago - blacks, chicanos, Indians, women, homosexuals - has now expanded to include every permutation of the half, the blind, the lame and the short, or, to put it correctly, the differently abled, the other-visioned and the vertically challenged". Hughes lays about him to left and to right as he expands the thesis into politics, literature, education, and finally into the art world he knows best.

The patterns are all of a piece. "The Gulf War taught us that bombing a place flat was 'servicing a target', or 'visiting a site', that bombing it again to make sure that not even a

CULTURE OF COMPLAINT: THE FRAYING OF AMERICA  
by Robert Hughes  
Oxford £12.95, 203 pages

snake or a thornbush survived was 'revisiting a site'." For Hughes such fastidious distinctions have an inevitable payoff in the Roshdie affair. "At home in America it is the height of sexist impropriety to refer to a young female as a 'girl' instead of a 'woman'. Abroad in Tehran, however, it was more or less OK for a cabal of regressive theocratic bigots to murder novelists on State policy. Oppression is what we do in the West. What

they do in the Middle East is 'their' culture."

Hughes finds that the new - and sloppy - thinking has chalked up its greatest successes in the area of history. So what Americans teach them selves about slavery is picked in the prism of political correctness (sic). "The cultural guilt of Europe and America continues to haunt discussions of slavery. Africa, Islam and Europe all participated in black slavery, enforced it, profited from its misery. But in the end, only Europe (including, here, North America) proved itself able to conceive of slavery".

of abolishing it. That we have so-called historians who are prepared to gloss over this fact strikes me as remarkable."

Americans' persistent inability to think straight and write plain causes Hughes endless and barbed grief, supporting his contention that intellectually the country is "fraying" at the centre as well as at the edges. He reserves some of his sharpest deliveries for the end. Over the Mapplethorpe affair Hughes notes with caustic despair a critical colleague "reflecting on one photo of a man's fist up his partner's rectum, and another of a finger rammed into a penis, and flatting on about 'the centrality of the forearm' and how it anchors the composition, and how 'the scenes appear to be distilled from real life', and how their formal arrangement purifies even cancels, the prurient elements". This is the kind of exhausted and literally demoralised aestheticism that would find no basic differences between a Nuremberg rally and a busy Berkeley spectator, since both, after all, are examples of Art-Deco choreography".

The appetite is whetted for a new Hughes television series, *American Visions*, expected in a year or two. Meantime, we can revel in the racy ruderies of this book.

## Fiction

# Another Dubliner

**T**OWARDS the end of this novel its eponymous hero, Paddy Clarke, a 10-year-old from the dismal working class Dublin suburbs of 1962, inordinately senses he needs affection, badly - even from his younger brother Sinbad. Sinbad's role in life is to be used by Paddy as a punching bag or a receptacle for lighter fuel.

"I won't hit you again, okay; ever," says Paddy. No answer from Sinbad. Paddy continues. "I waited a bit. Then I kicked him. And I thumped him. Twice. Then I felt my back go freezing; someone was looking. I turned. No-one. I couldn't hit him again though."

Roddy Doyle has lost none of his talent for close social observation and linguistic emulsion in this, his fourth published novel in four years. His three previous - *The Commitments* (1987), *The Snapper* (1990) and *The Van* (1991) - were set in fictional Barrytown and established Doyle's reputation for having a perfect ear for the vernacular of the back streets of working class Dublin.

The Barrytown trilogy depicts Dublin's underclass as having immense power, self-esteem, innate dignity, wit and sense of humour, qualities which enable the characters to

PADDY CLARKE HA HA HA  
by Roddy Doyle  
Secker & Warburg £12.99, 282 pages

surmount the shabbiness of their context. Despite the social and intellectual deprivation, they inhabit an attractive, vigorous world, where poverty is eclipsed by a fecund, rolicking, communal humanity.

With *Paddy Clarke Ha Ha Ha* Doyle stays inside the world of Barrytown's underclass, but his characters use what conventional society regards as foul language. Their world is dominated by the pub, music, football, TV and sex - hardly the kind of thing the snobbish élites of Dublin society wish to have their city associated with.

They should be much more seriously offended by *Paddy Clarke*, a novel with much less swearing and hardly any references to sex. On the basis of this, Doyle is setting out to play up its mass tourist attractions, to turn it into a mini-Blackpool. But the museum could pull in an estimated 70,000 visitors a year of a very different stamp, drawn to its heroic artistic history.

The graphic attractions of England's too were first recognised by Turner, but it was the Newlyn School in the late 19th century which made it the centre of plein air, realist painting.

In the late 1920s Nicholson and the modernists arrived a few miles away from Newlyn, across the peninsula at St Ives, and artists have never left.

Only Hackney, in east London, can boast as many working artists and studios in such a tight community. The Tate St Ives can feed off a thriving pro-

or hoot with laughter, but who dives instead into something more profound - the creation of an individual's moral self.

That makes the novel sound didactic. It isn't. But when the laughter died away in *The Snapper* a background vitality vitalises back into the picture. In *Paddy Clarke*, each time the smiling stops the heart is left a fraction more frozen over.

Doyle has not been universally adored in his home city. His characters use what conventional society regards as foul language. Their world is dominated by the pub, music, football, TV and sex - hardly the kind of thing the snobbish élites of Dublin society wish to have their city associated with.

They should be much more seriously offended by *Paddy Clarke*, a novel with much less swearing and hardly any references to sex. On the basis of this, Doyle is setting out to explore themes much more subversive than bad language. *Paddy Clarke* shows Doyle's ability to deliver crushing judgments on the shortcomings of human society, yet like Joyce to be above, beyond, absent from the novel, paring his fingernails; but only with apparent indifference.

Gary Mead

# Back to the future

**T**HOMAS Mann did it so well in *Doctor Faustus* and subsequent writers have failed so dismally that any idea of a novel about a fictitious composer ought to be aborted as soon as it is conceived. But here is Adam Lively, inventing the biography of one Paul Clearwater (born 2030, died 2099) as the springboard for an ambitious novel of ideas about the power of music and creativity. Pitching the story into the next century allows Lively to detach his ideas from the reality of the 20th-century, and offer a teasing timewarp of artistic life 70 years on.

The opening, though, could not be less auspicious. The novel begins with a sequence of Clearwater's letters in which he recounts to his sister his arrival in 2061 in the complacent backwater of Wellfleet, after he has fled from the big-town superficiality of New Venice. Even were one not already profoundly suspicious of a composer who could have written an opera called *The*

SING THE BODY ELECTRIC  
by Adam Lively  
Chatto & Windus £15.99, 440 pages

THE WEATHER IN ICELAND  
by David Profumo  
Picador £12.99, 310 pages

*Crooked Timber of Humanity*, Clearwater's letters dispel the final doubts of sympathy: he shows himself to be pompous, overweening and pretentious, and possessing an unbelievably precious and thoroughly reactionary view of his calling.

Of course that is partly Lively's point. But it is a bold, not to say foolhardy ambition to begin a major novel with more than 120 pages that flesh out a portrait of a thoroughly disagreeable main character. Yet when the mode changes and Lively lets his own writing peep through there is never quite the gust of fresh air the book so badly needs. He chron-

icles Clearwater's love affair, and when the novel dips into SF comes up with the invention of the Neurorch, which allows the brain's electrical impulses to be synthesised as sound. It becomes the rage of New Venice. Clearwater enthusiastically embraces it and finds his creativity cruelly, temporarily stifled.

Not before time, the reader might think. For a novel and a novelist so keen to say something about music and the act of musical creation, *Sing The Body Electric* is woefully short on insight. The clichés begin with the title and barely let up; in moving forward almost 100 years musical evolution seems to have stepped back 200 - Clearwater's Big Idea is to write a Sea Symphony. There is no attempt to imagine what the next century might think of ours in musical terms; no success either in making Clearwater or any other character into thinking, feeling beings.

*The Weather in Iceland* also takes place in the future, though David Profumo's tale of the decimation of the upper classes is set only five years hence. In 1986 Britain has been taken over by a military junta and a disenfranchised aristocrat Richard Slide, Duke of London, has been exiled to Switzerland, from where he can look back on his family's history with ironic detachment. There are some useful picaresque touches, some boldly imagined setpieces, but nothing to give Profumo's tale relevance or point, nothing to make the reader care for Slide's lost world; unless, presumably, one shares his world of privilege and nostalgia and feels a pang at its theoretical passing.

Agree this week that most people think the £25m a year spent on the Arts Council would be better invested in three new hospitals, seems like surrendering to the enemy without a fight.

It suggests that the arts are on target to do very badly out of the inane Treasury examination of public expenditure. Already the Arts Council is set to receive £5m less in 1994-95, its first ever reduction in grant; suddenly it seems to face even greater surgery, which would trigger off wholesale cutbacks and closures among its clients. And the Arts Council is not making things easier by choosing this moment to finally get around to selecting winners and losers among arts organisations, giving more to contemporary dance and the visual arts, and less to regional theatres.

In the event, when it announces its plans next month, the Council's list is likely to be tiny. Only a handful of companies will be penal-

ised, one or two losing all their subsidy, a few more suffering a reduction. The excuse will be that they are just not up to standard. Less than £1m will be released to bolster dance and art.

At the same time the Council will announce a much longer list of companies that will suffer if the government goes ahead with the planned £5m cut in its budget. The hope is that this will cause such an outcry that the government will have second thoughts.

It is a nice idea, but with a weak minister, a monetarist number two, and a philistine

crew, one or two losing all their subsidy, a few more suffering a reduction. The excuse will be that they are just not up to standard. Less than £1m will be released to bolster dance and art.

At the same time the Council will announce a much longer list of companies that will suffer if the government goes ahead with the planned £5m cut in its budget. The hope is that this will cause such an outcry that the government will have second thoughts.

An even more necessary pressure group is that assembled to convince Education Secretary John Patten that discretionary grants for dance and drama students should be made mandatory. Once again it is reductions in local authority spending that have persuaded the head of the council in the country to axe such grants. In 1992 the number of accepted students who were forced to turn down places because they failed to receive sufficient grants rose by 75 per cent in drama, and 100 per cent in dance. In all, around 40 per cent of students offered places last year were unable to take them up.

The experience of the London Contemporary Dance School is typical: it has just launched a £100,000 appeal to raise money for scholarships. This year, of the 86 students it has accepted for the new intake in September, just 21 are British, a third of the usual number. Even some of the British students who have accepted a place will be forced to drop out before, or during, their course because of lack of funding. It means that our dance schools are dominated by overseas students and our drama schools by middle class students, financially supported by their parents.

It is unfair that geography

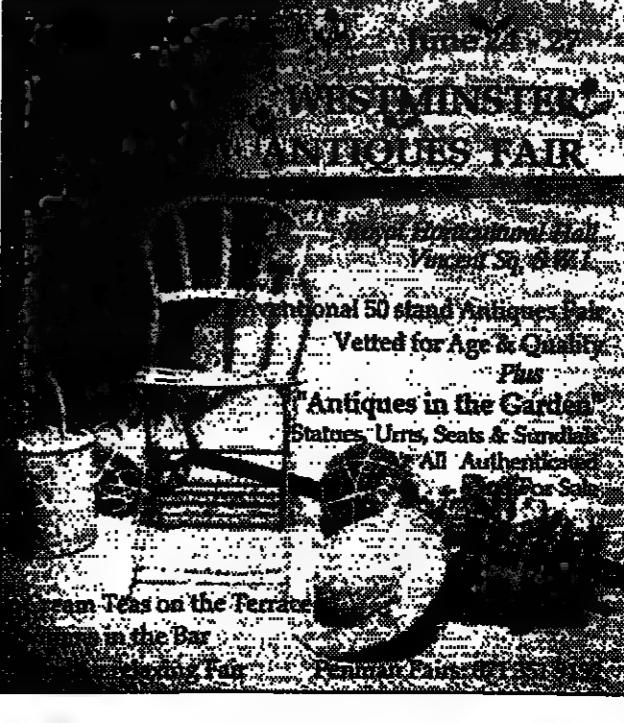
was first into the field, chairing a gathering at the National Theatre this week which was alerted to the pitiful state of Theatre-in-Education.

The capping of councils has forced many local authorities to cut spending on this area - the most dramatic casualty, Harlow Theatrefest, has lost its entire £145,000 grant - but in all 22 companies that bring plays acting into schools are under threat. The campaign wants the DNH to cough up £1m to keep alive this first experience of theatre for most children.

One alarmed group in the arts world is adopting a softly approach. In its review of the workings of the Arts Council, consultants Price Waterhouse suggested that the touring department should be

closed down, its functions spread around the specialist art form with the aim of eventually privatising its role. This would save 12 jobs - although, of course, the Council would have to pay the outside company handling the service.

This is part of PW's Option Two, which Peter Brooke seems inclined to accept. But this week the directors of the 50 leading receiving theatres, and the main touring dance, opera and drama companies in England expressed concern at the proposal. They think the current system, which brings a levelling of subsidised artistic events to commercial theatres like the Palace Manchester and the Theatre Royal Nottingham, works well. Rather than make a public expression of their concern they have asked for private meetings with Peter Brooke and Arts Council chairman Lord Palumbo to argue their case.



## ST. JOSEPH'S HOSPICE

MARY ST, LONDON E8 4SA.  
(Charity Reg. No. 231329)

"God's nobility" was how our founders described the dying poor of long ago. The poverty has declined, but the sick and the suffering are with us always. So is your inspiring support in these anxious times. May God reward you for your vital gift.

Sister Superior.

## ART GALLERIES

ROY MILES SUMMER EXHIBITION OF RUSSIAN ART, 23 Bruton Street, W1.

Tel: 071-494 4747

CAMILLE PIAGGIO Paintings, Watercolours, Pastels and Drawings, 3rd Flr, Art. 23 Bruton Street, London W1. Tel: 071-493 2339 Mon-Fri 10-5.30, Until July 18.

SPINK, KING ST, ST JAMES'S, SW1

OPENS 23 June until 29 July 2001

CENTURY BRITISH PAINTINGS & SCULPTURE by William Pamplin. Mon-Fri, 9.00-5.30, and until 2.30 every Sunday.

LEFEVRE GALLERY, 31 Bruton St, W1. Tel: 071-2107, EDWARD SUTHER - Catalogue of the 1920's and 30's. 10 June - 15 July. Mon-Fri 10-5.30, Sat 10-4.

VERNER AND L LTD - 4 Ryder St, SW1. Tel: 071-222 2759. SCANDINAVIAN PAINTINGS & SCULPTURE 1940 - 1950. Until July 2nd. Mon-Fri 10-5.30.

JUNE REDFERN SELECTS EIGHT ARTISTS. Exhibition until 13 July at Sotheby's, 15 New Bond Street, London, W1. Tel: 0800-076226.

Andrew Clements



## TELEVISION

## BBC1

## BBC2

6.40 Open University.

7.00 Cedric Pages. 7.25 News. 7.30 Pinocchio. Tomorrow. 7.35 Postwoman and Co. 8.00 Parallel 9. 10.00 Whistle.

10.30 Grandstand. Introduced by Hazel Irvine. Including 11.00 Cricket; Second Test coverage of the third day's play between England and Australia at Lord's. 1.00 News. 1.05 Test. The Return of the Women's International Tournament from Eastbourne. John Sturt and Virginia Wade commentary. 1.55 Racing from Ascot: The 2.00 Ritz Club Farn Hill Rated Stakes. 2.05 Tennis and Cricket: Further coverage from Eastbourne and Lord's. 2.25 Racing: The 2.40 Dragon Days Handicap Stakes. 2.45 Ten O'Clock Cricket. 2.55 Racing: The 3.00 Grand Prix. 3.15 Cup Stakes. 3.05 Cricket. 3.30 Racing. The 3.35 Southern Comfort Meldon Stakes. 3.40 Motor Sport: Round six of the British Touring Car Championships from Brands Hatch. Commentary by Murray Walker. 4.00 Cabinet. 4.30 Goll: US Open. Highlights from the second round in Baltusrol, New Jersey. Times may vary.

5.15 News.

Regional News and Sport.

5.30 Cartoon.

5.40 Jim'll Fix It.

6.15 The Main Event: Game show, hosted by Chris Tarrant.

7.05 The House of Elliott: Fashion Show. Louise Lombard and Cathy Murphy.

8.00 Open All Hours: Corner-shop comedy, starring Ronnie Barker and David Jason.

8.30 Birds of a Feather. Tracey is shocked by Danny's behaviour, and realises that he is in prison is finally taking its toll. Comedy, starring Linda Robson.

9.00 Weatherbeat: It's a day of decision for the planning committee - will Sam get her new centre, or Alan his recycling plant? Hugo faces a dilemma when his daughter is involved in a police investigation.

News and Sport: Weather.

10.10 That's Life.

10.30 Film: Real Genius. An idealistic student discovers a college research project is exploiting its members to build a secret weapon. Satirical youth comedy, starring Val Kilmer, Geena Davis and Michael Meyrink (1985).

12.00 Cricket: Second Test. England v Australia. Highlights of the third day's play from Lord's.

1.15 Weather.

1.30 Close.

## LWT

6.00 Garry, 8.25 Glitter 5. 11.20 The ITV Chart Show. 12.30 pm Movie, Mexico, Mexico.

1.00 ITN News: Weather.

1.05 London Today; Weather.

1.10 Rugby: The Lions Tour. Highlights from the British Lions' matches against Terrell and Auckland.

2.30 Wanted, Dead or Alive. Josh accepts a challenge to catch Santa Claus.

3.00 Team Up-Tens. The team helps a troubled kid who is about to lose his job.

3.35 WCH Worldwide Wrestling. Action in the comes ring.

4.45 ITN News: Weather.

5.00 London Today and Sport: Weather.

5.10 MacGyver. The ace investigator and Jack Dalton find an abandoned baby, and begin the search for the child's mother, a member of a gang of counterfeits. Richard Dean Anderson and Bruce McCulloch star.

6.00 Beedle's Abseit. Pranks galore with the TV joker.

6.30 Stars in Their Eyes. Matthew Kelly introduces five aspiring vocalists.

7.00 US Cup '93 Soccer Tournament. England v Germany. Live action from the Peñiscola Silverdome in Valencia, organised by Madrid's Lorca, with commentary by the formidable Brian Moore and analysis by Ron Atkinson, the Aston Villa manager, who has broken soccer professionalism's code of silence and criticised the play and tactics of the England team during some recent disasters.

8.00 The Sun. Po. Quinn goes undercover to investigate a string of thefts. His inquiries go well and he gains the trust of a member of the suspected gang - until fellow officers Page and Jenkins intervene.

9.30 Film: The Price of Passion. The woman mayor of a rough south-western town is stalked by a deadly serial killer when she publicly attacks his horrific crimes. Thriller, starring Dennis Hopper, Ted Williams and Ralph Waite (TVM 1988).

11.15 ITN News: Weather.

11.30 The Good Sex Guide. Tongue-in-cheek documentary.

12.05 291 Club.

1.05 The Big E.

2.00 Get Stuffed; ITN News Headlines.

2.05 Basketball.

3.00 New Music; ITN News Headlines.

4.00 Coach.

4.30 8PM; Nightshift.

## CHANNEL 4

6.00 Early Morning. 8.00 Team World Sport. 11.20 Gedic Games. 12.00 Sign On. 12.30 pm Kasab; English matches.

1.00 Film: The Proud and the Prejudice. World War Two romance. Dianeh Kerr plays a war widow who falls for a hard-boiled Marine colonel serving in the Pacific. With Thora Hird and Dowell Johnson (1959).

2.30 Wanted, Dead or Alive. Josh accepts a challenge to catch Santa Claus.

3.00 Team Up-Tens. The team helps a troubled kid who is about to lose his job.

3.35 WCH Worldwide Wrestling. Action in the comes ring.

4.45 ITN News: Weather.

5.00 London Today and Sport: Weather.

5.10 MacGyver. The ace investigator and Jack Dalton find an abandoned baby, and begin the search for the child's mother, a member of a gang of counterfeits. Richard Dean Anderson and Bruce McCulloch star.

6.00 Beedle's Abseit. Pranks galore with the TV joker.

6.30 Stars in Their Eyes. Matthew Kelly introduces five aspiring vocalists.

7.00 US Cup '93 Soccer Tournament. England v Germany. Live action from the Peñiscola Silverdome in Valencia, organised by Madrid's Lorca, with commentary by the formidable Brian Moore and analysis by Ron Atkinson, the Aston Villa manager, who has broken soccer professionalism's code of silence and criticised the play and tactics of the England team during some recent disasters.

8.00 The Sun. Po. Quinn goes undercover to investigate a string of thefts. His inquiries go well and he gains the trust of a member of the suspected gang - until fellow officers Page and Jenkins intervene.

9.30 Film: The Price of Passion. The woman mayor of a rough south-western town is stalked by a deadly serial killer when she publicly attacks his horrific crimes. Thriller, starring Dennis Hopper, Ted Williams and Ralph Waite (TVM 1988).

11.15 ITN News: Weather.

11.30 The Good Sex Guide. Tongue-in-cheek documentary.

12.05 291 Club.

1.05 The Big E.

2.00 Get Stuffed; ITN News Headlines.

2.05 Basketball.

3.00 New Music; ITN News Headlines.

4.00 Coach.

4.30 8PM; Nightshift.

## CHANNEL 4

ITV NEWS AS LONDON EXCEPT AT THE FOLLOWING TIMES:

1.05 Angle News. 2.20 Worldwide Wrestling. 2.25 Baby: Secret of the Lost Legend. 10.00 800 News and Sport. 11.00 Baywatch. 11.30 Angle Weather.

INQUIRIES:

1.05 Angle News. 2.20 Nigel Mansell's IndyCar '93. 3.00 Spanish Grand Prix. 3.20 Superstars. 3.30 Border News and Weather.

CENTRAL:

1.05 Central News. 2.20 Nigel Mansell's IndyCar '93. 3.00 The Munster Today. 3.20 Central News. 11.30 Local Weather.

CHANNELS:

1.05 The Murdoch Today. 1.05 Channel 4. 2.25 The Murdoch Today. 3.00 Isle of Man TT 1993. 5.00 Channel News. 6.00 Puffin's Puffin.

GRANADA:

1.05 Granada News. 2.20 Nigel Mansell's IndyCar '93. 3.00 The Sun. 3.20 Superstars. 3.30 Superstars of Wrestling. 6.00 Granada News.

3.30 Superstars.

4.00 Granada News. 4.20 HTV News.

4.30 HTV News.

5.00 Granada News. 5.20 HTV News.

5.30 HTV News.

6.00 Granada News.

6.30 Granada News.

7.00 Granada News. 7.20 Nigel Mansell's IndyCar '93. 8.00 Isle of Man TT 1993. 9.00 Channel News.

8.30 Granada News.

9.00 Granada News.

10.00 Granada News.

11.00 Granada News.

12.00 Granada News.

13.00 Granada News.

14.00 Granada News.

15.00 Granada News.

16.00 Granada News.

17.00 Granada News.

18.00 Granada News.

19.00 Granada News.

20.00 Granada News.

21.00 Granada News.

22.00 Granada News.

23.00 Granada News.

24.00 Granada News.

25.00 Granada News.

26.00 Granada News.

27.00 Granada News.

28.00 Granada News.

29.00 Granada News.

30.00 Granada News.

31.00 Granada News.

32.00 Granada News.

33.00 Granada News.

34.00 Granada News.

35.00 Granada News.

36.00 Granada News.

37.00 Granada News.

38.00 Granada News.

39.00 Granada News.

40.00 Granada News.

41.00 Granada News.

42.00 Granada News.

43.00 Granada News.

44.00 Granada News.

45.00 Granada News.

46.00 Granada News.

47.00 Granada News.

48.00 Granada News.

49.00 Granada News.

50.00 Granada News.

51.00 Granada News.

52.00 Granada News.

53.00 Granada News.

54.00 Granada News.

55.00 Granada News.

56.00 Granada News.

57.00 Granada News.

58.00 Granada News.

59.00 Granada News.

60.00 Granada News.

61.00 Granada News.

62.00 Granada News.

63.00 Granada News.

64.00 Granada News.

65.00 Granada News.

66.00 Granada News.

67.00 Granada News.

68.00 Granada News.

69.00 Granada News.

70.00 Granada News.

71.00 Granada News.

72.00 Granada News.

73.00 Granada News.

74.00 Granada News.

75.00 Granada News.

76.00 Granada News.

77.00 Granada News.

78.00 Granada News.

79.00 Granada News.

80.00 Granada News.

81.00 Granada News.

82.00 Granada News.

83.00 Granada News.

84.00 Granada News.

85.00 Granada News.

86.00 Granada News.

87.00 Granada News.

88.00 Granada News.

89.00 Granada News.

90.00 Granada News.

91.00 Granada News.

92.00 Granada News.

93.00 Granada News.

94.00 Granada News.

95.00 Granada News.

96.00 Granada News.

97.00 Granada News.

98.00 Granada News.

99.00 Granada News.

100.00 Granada News.

101.00 Granada News.

102.00 Granada News.

103.00 Granada News.

104.00 Granada News.

105.00 Granada News.

106.00 Granada News.

107.00 Granada News.

108.00 Granada News.

109.00 Granada News.

110.00 Granada News.

111.00 Granada News.

112.00 Granada News.

113.00 Granada News.

114.00 Granada News.

115.00 Granada News.

116.00 Granada News.

"DADDY, isn't there a way the Government could get rid of unemployment?"

"Yes," I said. "It would completely disappear if the government withdrew all benefits to the unemployed. Then everyone would either work or starve."

"I can't believe I am hearing this..."

"Well, not many would actually starve," I continued. "There would be charities, soup kitchens, workhouses - things like that. And don't forget, the government would save £12m a year by not paying benefits."

"It could use this money to paint hospitals, repair roads, clean up our cities. That could provide perhaps 1m jobs. So instead of being paid for doing nothing..."

"Daddy that's utterly heartless. There must be a better way."

"You mean, apart from just waiting for green shoots? Yes there is. The government could borrow £30m and spend it digging a huge

## Daddy, how do we create jobs?

*There is a radical - if unpopular - solution to unemployment, says Max Wilkinson*

hole in the ground for the Channel tunnel rail link and cleaning up litter. With that sort of money it could create millions of jobs."

"So?"

"Unfortunately, the Government borrowed so much to win the last election and to pay for the unemployed that it is running out of credit. Now it is being told to cut spending, which would throw even more people out of work."

"But what you want to do..."

"I never said I wanted to do it. You asked if there was a way. But it is not as crazy as you think. It is how things work in Hong Kong, and they are doing tremendously well. The Americans have very low unemployment benefits

compared with ours and they have created millions of new jobs."

"Even so," she said, laying aside *The Guardian*. "We would become a low wage, low skill economy."

It is a troubling point. But the fact is that Britain has squandered its intelligence. The report this week from the Adult Literacy and Basic Skills Unit said that one in five 21-year-olds is

innumerate and one in seven illiterate. It is not obvious why a Briton who cannot read a manual nor add up a customer's order should be paid more than unskilled workers in Hong Kong or Malaysia.

On the other hand, not everyone can be an electronic expert. As technology advances, will some people inevitably be left behind

to depend on the work of others?

It was Mr Parrack, the decorator, who dispelled this gloomy thought. He is expensive, but we use him because he never lets the paint run, neither does he leave any speck on the carpet.

"How have things been going for you in the recession?" I ask.

"Terrible, Mr Wilkinson, absolutely terrible. I haven't had a free weekend for the last two months."

Of course not. Parrack cleans immaculately after each day's work. He even found a way to dismantle and re-assemble the kitchen without upsetting the cook. He was recommended to us. We recommended him to everyone.

Yet Parrack's work is not, by modern standards, highly skilled.

His secret lies less in sandpaper and undercoating, than in a wonderful attention to detail and, above all, care for the customer. His are the qualities that created profit and jobs at Sainsbury, Toyota, Sony, MacDonalds.

(But were sadly neglected in the get-rich-quick culture of the Thatcher debt binge.)

However deep the recession, Parrack will never need the dole. Does it follow that if the dole were abolished, everyone would suddenly become like Parrack?

Alas, no. But that does mean he would have little to fear from a flood of cheap unskilled

Private View/Christian Tyler

## A voice for the victims

*Pierre Sané, head of Amnesty International, discusses the modern meaning of human rights*

**W**HILE London was basking in the 2,500th anniversary celebrations of the birth of Greek democracy, Vienna this week was witnessing a struggle over the modern meaning of human rights.

On Tuesday the Dalai Lama was at a meeting arranged by Amnesty International in the Austrian capital. China had refused to allow the spiritual leader of the Tibetans to address 5,000 delegates at the biggest United Nations conference on human rights for 25 years.

The communist leaders in Peking, together with the governments of Malaysia, Indonesia, Singapore and other developing countries, are complaining that the West interferes when it imposes its own definition of human rights upon them, that it hampers their trade and weakens their competitiveness.

Amnesty International, which fights for prisoners of conscience and victims of torture, is a western foundation with headquarters in London. But its new secretary general, Pierre Sané, was born and brought up in Dakar, Senegal.

I went to Vienna and asked him: You come from a developing country. Do you not sympathise with what these Asian countries say?

"Nobody disagrees when some Asian and African countries talk about the right to development and about an unequal economic system," he replied. "But even if that still doesn't give you the right to torture a political opponent."

"Asians have the right to industrialise but not to crush their own people. Does it mean that to be competitive in the world today you have to sweat and oppress your people? If their workers say they want an eight-hour day, then those workers should not be tortured or jailed because they are organising in order to get it."

Do you agree with using trade as a sanction?

"No, not really. I don't think you can impose human rights by force from the outside. When you impose sanctions you may be punishing people in the country. More important, you will plant the idea among them that the solution to their problem will come from outside. And I think the solution will come from inside. In China, it will be for the Chinese themselves..."

Pierre Sané is an accountant who went to business school. Practising in Senegal would have meant helping state or foreign companies maximise their profits and minimise their tax, he said. "I found morally I could not do it." So he went into development aid, studying at the London School of Economics and Carlton University, Ottawa.

You could have made a lot of money as an accountant. Why did you revolt?

"Because I would have made the money at the expense of my people."

"It hasn't stopped others, I said. Where did this revulsion come from?"

"I guess from my education and upbringing." He grew up in a Christian household but is not religious, unlike his mother, a teacher, and father, who was a journalist. "I suppose they gave us these values of equality and justice and the idea you can achieve things peacefully by the force of conviction."

"I cannot stand injustice. And I suppose being black and being from a continent that has suffered 400 years of unequal relationship with the world you grow up with this kind of view. Not all Africans do, as you say, because they used to sell to the slave trade - and some still oppress their own people."

The fact you are black could be interpreted as tokenism, I said. Why did Amnesty choose you?

"There were 1,200 candidates and the executive committee did not start by wanting a black one. The fact I was black was the icing on the cake." He smiled. "But by appointing me Amnesty is sending a message to the Third World about universality, multiculturalism."

Sané wants to broaden Amnesty's analysis of the economic background to human rights violations without diffusing its campaign on behalf of individual victims. His scrutiny will include not only nation states but terrorist groups, multinational companies and institutions like the World Bank and IMF. "We have to change the image of Amnesty as being a western organisation. Even if it is western it is the bearer of universal values - and being western does not necessarily mean it is bad."

I referred to the Asian plea of cultural difference and a collective right of development.

"But that's not the issue. The issue is whether a collective has the right to torture people in their own collective. If you had a culture which practised anthropophagy [cannibalism] and argued 'this is our culture' we will tell them 'even if it's your culture it's not acceptable. Stop it!'

But are you telling them they cannot employ cheap labour in sweatshops?

"I suppose we are telling them that civilised progress makes it unacceptable today to reach the objective of economic development at the expense of human dignity. We say 'You will not repeat history.' We have to find a new model of development that is centred on man."

"Some governments, even though their economy is modern or modernising, even though their political system is a formal democ-



racy, still behave like in a feudal system where political dissent is considered an attempt to undermine the government. They really continue to behave as if their power is coming from God."

The UN's 1948 Universal Declaration of Human Rights covers not only the right to life, liberty, fair trial and freedom of speech but also a right to work, marry freely, own property, vote in elections, claim social security, join a trade union and get a free primary education. I suggested to Sané that it was Utopian, politically unrealistic.

"I don't think so. It's not just an ideal, it's also a yardstick. It is the minimum that makes an individual a real human being. If by 'unrealistic' you mean we don't have the means, then I don't think so. The means exist."

You and I can agree that people should have these things, I said, but as rights where do they come from? "They are won through struggle." They are not given to us by God, or come from our souls?

In order to move out of poverty you have to have political power in your own society."

Amnesty has been a thorn in the side of democracies as well as dictatorships; it pursues European states for their treatment of conscientious objectors and refugees, the US for its use of the electric chair. I asked Sané to comment on Britain's proposed £1.5bn sale of military trainer aircraft to Indonesia in spite of that country's human rights record in East Timor.

The premise is that human rights are not only universal but also inalienable and interdependent. I asked Sané what that meant.

"It means that you cannot just be free to starve. It means you are entitled to food, that the conditions for making you a human being and not an animal are not just free from state violence or state interference in your private affairs. Interdependence means that in order to satisfy one you have to have the other. If you are poor, you are powerless.

television. You see what is going on, you are affected and you want to stop. We forget that the whole of Latin America has come out of the rule of dictatorship. We forget that even in China economic transformation is putting pressure on the political system to open up."

"Twenty-five years ago governments could torture in secret, kill in the dark and we would not be informed. Today, with the network of human rights organisations, the presence of the media, any act of state violence in one place is reported throughout the world. The governments are exposed, and governments do not like to be exposed, especially when they are breaking their own laws."

There are 183 countries in the UN and 110 of them still torture prisoners, according to Amnesty. I asked Sané whether, worldwide, things were getting better or worse.

"I think better because of the focus of the media, on Bosnia or Somalia, or on Angola. Throughout the world there is development of moral consciousness - because of

people."

sure individual continental papers will do their best to cover such exotic matters - *Le Monde* and the *Neue Zürcher Zeitung* being the most notable - but only in Britain can you obtain a proper diversity of approach.

And it is done with little attempt to tell readers why they should care. The British broadsheet assumes its readers want to be informed about events in Burma, even if not very often. In *El País* or *La Repubblica*, the reader would have to be told where Burma is, in *Pravda*, what it is.

So if the Russian view is correct, the British not only have unusually catholic tastes, but their concern with others' problems must reflect the severity of their national life. Maybe this is not as absurd as it might seem: the other impression I got from my travels through other peoples' papers is that they seem bad news from the four corners of the earth and have a vast corps of bad news specialists at their disposal. If you want a picture of how horrible things are in, say, Burma you have little choice but to skim through British newspaper cuttings. To be

## Putting a gloss on UK crime

*Nigel Spivey*

**T**HE HOMICIDE glosses one can take. *True Detective* and its like have been around for years, offering consistent instruction to all those consumers who might one day take up serial killing as a hobby. But a new journal has appeared this month. I found it tucked next to a quarterly called *Murder Most Foul*, but I doubt whether it is really in that innocuous category. The new publication is called *Crime Buster*, and its appearance is deeply disturbing.

"Helping you protect yourself and your family" is what it sets out to do. A fair enterprise on the face of it. As we are reminded *passim* by the magazine, our homes are violated by thieves at the rate of one every 25 seconds. Cars fare little better, and you can even have the mobile phone whipped from your hand as you speak. So *Crime Buster* appears to be on to a good thing. And in this first issue, it has tackled its rubric with spirit.

For a start, there are prizes. Do a crime busting crossword puzzle, and you could win a full surveillance system. Runners-up get a "really robust personal alarm" which even if crushed in a villain's fist will scream at 120 decibels on their behalf.

Then there are seasonal tips. Watch out if you go sunbathing in the garden: this is a nice time for opportunist intruders. But if you go abroad for the sun, the robbers like it even better. Your house will probably be stripped at leisure, and grudgingly defiled to boot. Never mind: July's issue

## HAWKS & HANDSAWS

will at least supply a guide on where you stand most chance of being mugged when you do take that foreign holiday.

I have learned to beware of all sorts of new criminals. For example, the quill clipper. This is the dodger who, feigning a stupefied state, hunches at you in a crowded place with his newspaper. What you don't know is that with a deft flick of his paper he has swiped the pen from your breast pocket. Positively Dickensian, that move.

But it has to be said that *Crime Buster* does not romanticise the criminal class. Its contributors hardly ever refer to thieves as thieves. I also noticed "morons", "scumbags" and jerks. Car thieves have their own nomenclature: "wockers" generically (*Taking Without Owner's Consent*), "cars" if they specialise in car audio. The opening (and only) metaphor of the magazine likens the law-abiding public to a flock of sheep, doing nothing while wolves raid at will. Then on the back page there is a rapid-looking hymn: one of the "cats", perhaps, about to slaver over your Blaupunkt.

There are photo-narratives showing how villains get away with things, or how the law apprehends them. It is hard to say who is the more dominant presence in the magazine: the old-hand hobby, the master locksmith, or a figure in blurred silhouette simply referred to as "The Insider".

The Insider seems to have done time and knows all the wrinkles: he is prone to making jolly ex cathedra interjections. "If you've got it and you flaunt it, someone will nick it"; "Burglars hate bolts"; and so on. He sometimes alludes to thieves as "the lads", though he is billed as a reformed character, you might still want to count your spoons after having him to lunch.

The advertisements reveal a relentless battle out there between rival security systems. A large chunk of *Crime Buster* is effectively a consumer guide, guiding you towards the ultimate infra-red detection light, trying a jemmy on all sorts of locks.

Never has the line about the Englishman's home being his castle sounded so true. This is a real fortress mentality. In fact, it cannot be long before *Crime Buster* recommends its readers to wear a suit of chain mail when out on the streets: already it is touring bullet- and dagger-proof vests.

This sort of flesh-creeping view of the future is dismaying enough. Equally dismaying is the way in which these precautions become a sort of culture of their own (one manufacturer of bars and grilles describes itself as producing "Poetry in Steel").

But what is most dismaying is what *Crime Buster* never mentions. Across 85 pages, there is not an iota of a scintilla of a suggestion that we could bust most crime by being a more equitable society. Not a whisper. And that is a very sad silence.

*As They Say in Europe/James Morgan*

## A good thing about bad news

warlord General Aideed in Somalia. There was, noted the august *Frankfurter Allgemeine Zeitung*, "Clear resentment against the UN among Aideed's followers." No British analysis would have concluded with "Warlords' followers resentful" at being bombed."

American comment ranges far and wide but the imperial view again leads to foreign events being interpreted in terms of American interests. The situation in Afghanistan or Indochina in the *New York Times*, one of the two American imperial dailies, is seen rather as it might have been a hundred years ago in *The Times*.

But for real insularity there is nothing like the Russian press. No Moscow paper since democracy broke out has carried a single editorial

you have to take on the troubles of others. You have not got enough problems of your own so you worry about Somalia."

That was my second revelation of the week: the real role of newspapers is to ensure that the basic human demand for bad news is properly met. Britain is the country that goes, literally, furthest towards meeting this demand. It is also currently torn by a row which started when a TV news reader said there should be space for good news on outlets such as his own. But the truth is that people want the news to inform them about those worse off than themselves. And they are actually doing good by learning of the plight of others; there is virtue in being concerned.

The apparent demand for good news is based on what people say they want: nobody would reply, "I don't want any good news on my TV screen" when asked the relevant question. It was the same when the opinion pollsters asked British voters last year if they would pay more tax to support the welfare state rather than see it cut back. They said "Yes," then ensured that the party which advocated this policy was beaten for the fourth time in a row.

The distinction of the better British papers is that they seem bad news from the four corners of the earth and have a vast corps of bad news specialists at their disposal. If you want a picture of how horrible things are in, say, Burma you have little choice but to skim through British newspaper cuttings. To be

sure

## NEWS: INTERNATIONAL

# China agrees HK harbour project

By Simon Holberton  
In Hong Kong

**T**HE prospects for a Sino-British agreement on the financing of Hong Kong's multi-billion dollar airport project brightened yesterday when China gave its approval for the construction of the western harbour crossing - one of the HK\$165bn (£13.96bn) project's nine core elements.

British negotiators came away from the talks cautiously optimistic about a solution to larger issues. Mr Anthony Galsworthy, leader of the UK team, said after the meeting: "We made real progress this morning."

UK officials later said that for the first time in a year of talks Chinese negotiators had got down to detailed discussions about financing.

"We wanted a response from them to our financial proposals

and we got one," said one member of the British team. Both sides are keeping tight-lipped about the Hong Kong government's latest proposal for financing the airport authority - which will manage the Chek Lap Kok airport - and a connecting railway which will be built and run by the mass transit railway corporation.

The talks are being conducted by the airport committee of the Sino-British joint liaison group. The committee has agreed to meet again by the end of this month, but British officials do not expect all issues to be settled by then.

However, they took heart at Beijing's decision to approve the western harbour crossing, the franchise for which had been provisionally awarded to a consortium including Wharf, an existing tunnel operator in Hong Kong, and Citic Pacific, Beijing's listed invest-

ment arm in Hong Kong. China had been informed that the Hong Kong government would be unable to meet its June 1997 deadline for the completion of the airport and related projects unless the companies awarded the franchise won approval to proceed with the HK\$7bn project.

The government has also informed the Chinese of another pressing deadline associated with the central and Wanchai land reclamation. Only part of this is for the airport railway.

British officials hope that at the next meeting of the airport committee the Chinese will allow this project to proceed.

• The finance committee of Hong Kong's Legislative Council, the colony's law making body, yesterday approved interim funding of HK\$862m for the provisional airport authority.

## Serbs to vote on new mini-state

By Laura Silber in Vukovar

**M**AR Miroslav Visic, mayor of the devastated town of Vukovar, sees the weekend referendum in the self-styled state of Serb Krajina, in Croatia, as a crucial step in carving out a Serbian state.

An overwhelming majority of voters is expected to cast ballots in favour of the union of Serb-held parts of Croatia with Serb-held parts of Bosnia.

Boasting that he is a nationalist, Mr Visic says the referendum will help to cement a Serbian state for Serbs and not for other ethnic groups.

Encouraged by the inability of the international community to stop the ethnic division of Bosnia, Mr Visic believes his mini-state will benefit from what he calls the new-found realism in the west.

"Let the west make Vukovar the capital of the new Serbian state," he says, calling the referendum the most important event since the "liberation" of Vukovar.

"Other nationalities are not equal to Serbs in this state. The Croats can have their own state but not on our territory," he says of his "republic", which covers nearly one-third of Croatia.

The 33-year-old mayor of the once picturesque Baroque

## Canadian killed in Bosnia

By Jurek Martin in Washington and Agencies

A Canadian peacekeeper was killed yesterday when an anti-tank round hit his armoured vehicle in central Bosnia shortly after another ceasefire came into force throughout the republic, Laura Silber reports from Belgrade.

Bosnian Croat leaders yesterday said some 2,000 Croats had been killed in recent fighting against Moslems in central Bosnia.

Fighting was reported yesterday even after the truce brokered by the UN among the three communities went into effect at noon.

Asked if he envisages a union with neighbouring Serbia, Mr Visic says: "This will come later. Serbia will unite with us once it solves the problem of Kosovo," in reference to the mostly Albanian province in southern Serbia. "They must either give it away or beat the Albanians the way we did the Croats," he laughs.

He believes the poll will stop Mr Milosevic from making deals with Croatian President Franjo Tudjman.

A formal resolution was scheduled to be adopted last night, along with a separate one welcoming a US offer of 300 soldiers for Macedonia and agreeing to their deployment as part of an expanded UN force.

"He does not have the right to play with our fate or trade our land," Mr Visic says, amid speculation that the leaders of Serbia and Croatia plan to swap territory in exchange for peace.

## Azerbaijan president flees as rebels close on capital

By Steve LaVine in Baku

**F**ORMER communist leader Mr Heydar Aliyev yesterday took over as Azerbaijan's leader after the president, Mr Abufaz Elchibey, fled the capital of Baku.

Mr Elchibey did not officially resign, but said he was leaving to avoid bloodshed as armed rebels demanding his resignation closed in on the city.

The rebels, led by charismatic former businessman Mr Surat Husseynov, were reported to be within a few miles of Baku yesterday evening. However, the Turkish ambassador to Azerbaijan told a Turkish news agency that Mr Aliyev had managed to persuade Mr Husseynov not to enter the city in view of the president's departure.

At the same time, ethnic Armenians in the western region of Nagorno-Karabakh were advancing against Azerbaijani troops on two fronts, near the towns of Agdam and Martakert. The civil war has been the central issue in two years of political upheaval in Azerbaijan.

At the head of his 3,000-strong army, Mr Husseynov may demand a high political price for halting his rebellion. Mr Husseynov's revolt on June



4 against Mr Elchibey, in which he seized Azerbaijan's second largest city, Gyana, triggered the political crisis in which five senior government ministers have resigned and Mr Aliyev has returned to power as parliamentary speaker after six years of political oblivion.

At 2am yesterday, Mr Elchibey was said to have ordered a government aircraft to his home village of Kelaki in the region of Nakhtchivan.

Government officials said the president left the capital without warning, and left no instructions to his subordinates. Mr Aliyev said he also

was not alerted. In parliament, Mr Aliyev told him in a telephone conversation late yesterday afternoon that he left to avoid bloodshed in the capital. Mr Aliyev quoted the president as saying, "whenever you want I can come back. The decision rests with you".

Mr Aliyev said the president had left him in charge until he returned to Baku.

"The main thing right now is not to decide who is head of government," Mr Aliyev told the parliamentary deputies. "First, we must find the way out of the tense situation in the country."

from publishing the election results by a court ruling. There was stunned disbelief, and the suspicion that Nigerians had been duped once again by a military regime that has hung on to power a little too long.

Three times since 1991, President Ibrahim Babangida has delayed the transition to democracy, now scheduled for August 27 - the eighth anniversary of his seizure of power.

"Two years ago I would not have believed this possible in Nigeria, it was something that happened in other African states, but we've had so many changes that Nigerians

have become docile," said a businessman in Lagos, the commercial capital.

The mood of the Yoruba, who dominate the Social Democratic Party's stronghold in the south-west, has turned from celebration of the expected success of their own man, Mr Mashood Abiola, to outrage at the legal sophistry which may deny him victory. Among the decrees passed by President Babangida in recent months was an electoral law giving the NEC overall responsibility for the running of the elections, without interference from any court.



A wrecked car outside Gen Aideed's house in Mogadishu after the UN assault

## Airlines face 747 safety costs

**T**HREE WORLD'S cash-strapped airlines face paying for much of the cost of rebuilding engine mountings on almost 1,000 Boeing 747s following Boeing's decision to strengthen and add some components, writes Daniel Green.

The design changes follow Boeing's inspections of the 747 fleet after accidents involving the aircraft. Last October, a 747 cargo aircraft crashed into an Amsterdam apartment block, killing about 50 people. A similar aircraft crashed off Taiwan in December 1991.

Boeing said yesterday it would supply the new parts free, but it was likely the airlines would pay the labour costs of fitting them. "It is expected that each airplane will take two or three weeks to modify," it said. It would take 4-5 years for all 948 747s in service to be altered.

Northwest, a US carrier, said it was working on the assumption it would pay the labour costs, although British Airways and the UK's Virgin Atlantic said they hoped Boeing would split this cost, too.

### Russia fuel prices

**R**ussia's fuel and energy minister, Mr Yuri Shafrazi, yesterday presented radical plans to cut waste, accounting for a quarter of Russian energy output, and pleaded for unpopular price reforms, Leyla Boultou reports from Moscow. He said cabinet had approved proposals aimed at eliminating price distortions, which would increase factories' energy bills from 6-8 per cent of costs to 20-25 per cent, from July.

### Kiev fights crime

**U**krainian President Leonid Kravchuk will head a newly formed committee to fight organised crime, Chrytia Freeland writes from Kiev. His announcement yesterday hints at the substance of a deal to end his power struggle with Prime Minister Leonid Kuchma. "I will head the committee to fight organised crime and Prime Minister Kuchma will head the emergency committee formed to cope with Ukraine's socio-economic crisis," he said.

### MOSCOW MONEY

**R**ussia said yesterday it would challenge a Luxembourg court decision to freeze \$279.3m (£184m) in Luxembourg bank accounts belonging to Russian government ministries, central bank, and trade institutions, Leyla Boultou reports. The funds were frozen after the court ruled in favour of a Swiss trading company, Noga, which claimed it was owed \$250m for delivery of consumer goods which were to be paid for with oil.

### N-site clean-up

**A** proposal for a British contribution to the clean-up costs of former nuclear test sites in Australia is to be put to the Australian cabinet after two days of talks which ended yesterday in London, writes Alexander Nicoll. Britain's offer is understood to be higher than the £5m it previously offered, though still only a contribution to the costs of some £250m which Australia was claiming.

### Bonn resignation

**M**r Johannes Voelcking, state secretary in the German Interior Ministry, resigned yesterday after allegations that he leaked a counter-espionage document to discredit Mr Bjorn Engholm, former leader of the opposition Social Democrats, Ariane Genillard writes from Bonn.

**T**HE FINANCIAL TIMES Europe is published by The Financial Times Europe GmbH, Nibelungenplatz 3, 6030 Frankfurt am Main 1, Germany. Tel: 069 49 69 136 830, Fax: 069 296481. Tel: 01 4297-0521, Fax: 01 4297-0629. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosenblatt-Strasse 10, D-2000 Hamburg 4 (owned by Hargan International). Responsible Editor: Richard Lambert, of The Financial Times Limited, Number One Southwark Bridge, London SE1 9HT, UK. Shareholder of the Financial Times Europe Ltd, The Financial Times Ltd, London SE1 9HT, UK. The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above companies is The Financial Times Europe Ltd, London SE1 9HT, UK. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.

**D**ENMARK. Publisher: Dansk Tidsskrifts Forlag, Postboks 5044, Posthuset, DK-1160 Copenhagen K, Denmark. Tel: 01 4297-0521, Fax: 01 4297-0629. Printer: S.A. Nord Edit, 1921 Rue de Caire, F-93100 Bobigny, France. Editor: Richard Lambert. ISSN 0809-1149-2753. Commission Paritaire No 078082.

**DKIMARK.** Financial Times (Scandinavia) Ltd, Viumsklæftet 42A, DK-1161 Copenhagen, Denmark. Telephone 33 13 44 41, Fax: 33 93 33.

## ICI chief urges EC to boost economy

By Paul Abrahams

**E**UROPE'S chemicals industry is heading for a serious crisis and the European Commission should introduce emergency measures across the continent to stimulate economic recovery, Sir Denys Henderson, chairman of the British companies Imperial Chemical Industries and Zeneca, warned yesterday.

In spending cuts, \$3.75 comes in tax increases on the highest income Americans - the upper 6 per cent - and \$1.25 comes in taxes from the middle class.

Families with incomes below

\$30,000 are held harmless in this programme.

This will become the new administration's litany, unless Congress radically changes the numbers.

• Borrow good ideas regardless of the source: three economic charts, all in living colour, formed the backdrop to

the press conference and were frequently used by the president.

• Keep it simple even when it is not: in his press conference on Thursday night, Mr Clinton, who loves the complex, offered, for the first time, a new straightforward formula to describe the hideously complicated and still disputed budget legislation.

• Never go public unprepared: Mr Gergen went boating with him in Bermuda three weeks ago?

• For every \$10 in deficit reduction, \$6 half of it comes

in spending cuts, \$3.75 comes in tax increases on the highest income Americans - the upper 6 per cent - and \$1.25 comes in taxes from the middle class.

• Families with incomes below

\$30,000 are held harmless in this programme.

This will become the new administration's litany, unless Congress radically changes the numbers.

• Borrow good ideas regardless of the source: three economic charts, all in living colour, formed the backdrop to

the press conference and were frequently used by the president.

• Keep it simple even when it is not: in his press conference on Thursday night, Mr Clinton, who loves the complex, offered, for the first time, a new straightforward formula to describe the hideously complicated and still disputed budget legislation.

• Never go public unprepared: Mr Gergen went boating with him in Bermuda three weeks ago?

• For every \$10 in deficit reduction, \$6 half of it comes

in spending cuts, \$3.75 comes in tax increases on the highest income Americans - the upper 6 per cent - and \$1.25 comes in taxes from the middle class.

• Families with incomes below

\$30,000 are held harmless in this programme.

This will become the new administration's litany, unless Congress radically changes the numbers.

• Borrow good ideas regardless of the source: three economic charts, all in living colour, formed the backdrop to

the press conference and were frequently used by the president.

• Keep it simple even when it is not: in his press conference on Thursday night, Mr Clinton, who loves the complex, offered, for the first time, a new straightforward formula to describe the hideously complicated and still disputed budget legislation.

• Never go public unprepared: Mr Gergen went boating with him in Bermuda three weeks ago?

• For every \$10 in deficit reduction, \$6 half of it comes

in spending cuts, \$3.75 comes in tax increases on the highest income Americans - the upper 6 per cent - and \$1.25 comes in taxes from the middle class.

• Families with incomes below

\$30,000 are held harmless in this programme.

This will become the new administration's litany, unless Congress radically changes the numbers.

• Borrow good ideas regardless of the source: three economic charts, all in living colour, formed the backdrop to

the press conference and were frequently used by the president.

• Keep it simple even when it is not: in his press conference on Thursday night, Mr Clinton, who loves the complex, offered, for the first time, a new straightforward formula to describe the hideously complicated and still disputed budget legislation.

• Never go public unprepared: Mr Gergen went boating with him in Bermuda three weeks ago?

• For every \$10 in deficit reduction, \$6 half of it comes

in spending cuts, \$3.75 comes in tax increases on the highest income Americans - the upper 6 per cent - and \$1.25 comes in taxes from the middle class.

• Families with incomes below

\$30,000 are held harmless in this programme.

This will become the new administration's litany, unless Congress radically changes the numbers.

• Borrow good ideas regardless of the source: three economic charts, all in living

## NEWS: JAPAN'S POLITICAL CRISIS

## Political paralysis looms over G7 summit

By Charles Leadbeater  
in Tokyo

JAPAN'S political crisis could not have come at a more sensitive time for its international economic relations.

With a general election due in late July, the country will be in the midst of the election campaign when Tokyo hosts the summit of the Group of Seven leading industrialised nations on July 6.

That week Mr Kiichi Miyazawa, the prime minister, is due to sign an agreement with US President Bill Clinton on a framework for Japan and the US to negotiate trade disputes.

The prospects for the Gatt world trade talks have also been hurt. The Japanese government, fearful of being punished in the polls, will be in no position to deliver concessions for the sake of a Gatt agreement at the summit.

The immediate consequence of the no-confidence vote will be paralysis of the government. Mr Miyazawa has become a lame duck and all major decisions will be put off during the campaign. The election itself could yield a weak LDP-led coalition government.

In the short run the main beneficiaries of the crisis may be Japan's powerful bureaucrats, who will have more scope to act on their own initiative. But in the medium run the bureaucrats can only work effectively if strong politicians are on hand to take big decisions, for instance over whether the ailing Japanese economy needs more stimulus or what concessions to make on agriculture for the sake of the Gatt talks.

The summit may not be too damaged because plans for its agenda are already fairly well advanced. Indeed a successful summit would strengthen the LDP's claim to be the only party capable of representing Japan on the world stage.

However, the ageing Mr Miyazawa is likely to look weak next to the relatively youthful Mr Clinton and the new Canadian prime minister, Mr Kim Campbell.

Japan's bilateral meetings with Russian President Boris Yeltsin may be particularly troubling, as Mr Yeltsin is likely to make clear Japan should not expect concessions in the disputes with Russia over the Kurile islands north of Japan. Rough treatment from Mr Yeltsin would be a further humiliation for Mr Miyazawa.

As for the talks with the US, foreign ministry officials are confident the outline framework for trade negotiations can be agreed by officials. But substantive talks on specific issues such as opening up the market for supercomputers or car parts will have to be shelved.

In addition US calls for further stimulus for the Japanese economy will only be met by a strong government capable of overcoming the finance ministry's opposition to more government pump priming.

The same is true of the Gatt talks. Tokyo will next week host a meeting of trade ministers from the EC, the US and Canada. It was widely hoped this would deliver an agreement on market access measures. That may be more difficult now. But what can certainly be ruled out in the near future is any Japanese concessions on its rice import ban, which is the main Japanese obstacle to a Gatt deal.

The LDP needs all the support it can get. Its unwillingness to support political reform may well have antagonised young urban voters. The last thing it will want to do is alienate its traditional rural supporters as well.

## Miti reluctant to brake harder on car exports

By Michio Nakamoto

JAPAN is prepared to talk to the European Community about the level of its car exports to the EC, but has made clear it believes the deterioration in the European market this year does not necessarily call for a cut in Japanese exports.

The Ministry of International Trade and Industry has drafted a letter to Mr Martin Bangemann, EC industry commissioner, agreeing to discuss the Japanese monitoring of car exports to the EC this year.

But the Japanese side signalled it was not yet prepared to lower the level of car exports to the EC. Neither do Japanese authorities intend to change the status of cars manufactured in the EC by Japanese vehicle makers.

Japanese officials accept that

to imports. His rural home town is in central Japan, and he felt at ease in the company of farmers.

The coming election will test whether his perceptions of his political faction's role as the representative of the people are correct.

It may be difficult for some Japanese to ignore the company keeps. By Japanese political standards, Mr Hata is clean, but his colleague Mr Ichiro Ozawa, a former LDP secretary-general, is known as a backroom manipulator.

Mr Ozawa has provided the numbers to give the Hata faction substance, but the credibility of his recent conversion to the cause of reform will be an issue during the election.

**'Reform will nurture real political parties'**

Mr Ozawa and Mr Hata share a building in central Tokyo, but they lead separate lives, one still working behind the scenes, and the other working the Japanese media.

The 34 faction members who joined Mr Hata in voting against the LDP are an odd collection, the pro-reform remnants of a larger faction which split late last year. There are the elders whose ruddy faces tell of late-night drinking and bargaining sessions, and for whom the events of last night are an unexpected thrill near the end of long careers.

And there are the younger members, noticeably nervous when they arrived at Hata headquarters yesterday morning for the meeting at which they collectively decided to

vote against the LDP. They will be vulnerable at the election now that they have left the comfortable hierarchy of the LDP, which would have delivered ministerial posts after a few more terms in office.

Mr Hata is hoping for defections from other LDP factions in coming days to enlarge and strengthen his faction. Then he will need to gather the funds necessary to compete with the extensive resources of established factions, which is where the well-connected Mr Ozawa is supposed to come in.

In the past, the LDP's factions have generally not been divided by ideology, but they have bickered over sharing the spoils of power. Mr Hata is also no ideologue. He believes in free trade, and the creation of a more transparent government.

He has repeatedly argued that changes to the electoral system would only be the first stage of change, and should lead to an upheaval of the present political parties and the creation of a parliamentary system more responsive to emerging issues and less focused on factionalism.

"The 34 faction members who joined Mr Hata in voting against the LDP are an odd collection, the pro-reform remnants of a larger faction which split late last year. There are the elders whose ruddy faces tell of late-night drinking and bargaining sessions, and for whom the events of last night are an unexpected thrill near the end of long careers."

These are observations which play well in urban Japan, where dissatisfaction with the LDP is greatest. But the salaried worker MP could find that the most infertile political fields are those of rural Japan, where the support for the LDP is strongest and the vested interests run deep.



Hata: populist champion of cleaning up Japanese politics

## Japanese see hopeful signs in economy

By Michio Nakamoto in Tokyo

THE DOWNTURN in the Japanese economy may have bottomed out in the first quarter of this year after a prolonged period of weakness, according to government figures released yesterday.

Real gross national product in the first three months of the year grew at an annual rate of 2.3 per cent, supported by a strong rise in domestic demand, the Economic Planning Agency said.

Gross domestic product in the first quarter grew at an annual rate of 2.7 per cent.

Meanwhile, broad money supply for May rose a strong 1.5 per cent year-on-year.

This was the strongest growth in money supply since the first quarter of last year and comes after a long period of weak or negative money supply growth.

Money supply growth has been negative in the month since September last year, excluding February and April of this year when money supply rose 0.1 per cent and 0.6 per cent respectively.

Mr Shunji Fukinbara, deputy director-general of the Economic Planning Agency, welcomed the rise in the GDP figures, which he said supported the agency's report earlier this month that the economy had hit bottom.

The strong rise in the money supply, however, reflected the

government's efforts to stimulate the economy rather than a significant pick-up in domestic economic activity.

A Bank of Japan official noted that the increase in the money supply in May was largely due to fiscal factors, such as the fall in tax payments to the government.

The rise in GNP was supported by a strong 6.5 per cent increase in public spending, although private consumption also rose 1.2 per cent over the previous quarter, largely as a result of increased spending on cars and other durable goods.

However, weak demand for vehicles in April and May, when sales fell 10 per cent, suggest that the rise in private consumption may not be sustained.

Private residential investment also continued to be weak, marking a decline of 3.0 per cent. Real exports showed a slight decline.

Fiscal 1992 as a whole showed the lowest growth rate in 18 years - since the Japanese economy contracted 0.2 per cent in fiscal 1974, just after the first oil crisis. GNP was up only 0.8 per cent compared with the government's target of 1.6 per cent.

The annual GNP growth rate for fiscal 1992 compares with a growth rate of 3.3 per cent in 1991 and 5.8 per cent in 1990.

The Bank of Japan has revised downward the year-on-year increase in the money supply for April from 0.6 per cent to 0.5 per cent.

## A faint smile as the knife goes in

Robert Thomson observes a polite betrayal

### The man who turned down the Beatles.



The man who turned down 'Action Man.'

### Don't be the one who turned down our new Business Class fare.



'Guitar groups are on the way out'.  
'Boys will never buy dolls': Brush-offs  
that two men lived to regret.

Five-star hotel options, such as  
7 nights at the Sydney Marriott or  
3 nights at the Dusit Thani in Bangkok  
followed by 4 nights at the Sheraton.

Lagoon in Bali. Or 2 nights at Bayview  
Villas on Dunk Island off the Great  
Barrier Reef.

And 2 Business Class flights within  
Australia, plus up to 3 stopovers in the  
Far East.

That's the deal. Are you in or out?  
Will you end up stretching your feet  
out, or kicking yourself?

Call Qantas on  
0345 747 300 for brochures giving full  
details and conditions of the £1993

Business Class fare, or Post to  
Qantas Airways, FREEPOST PAM 6795,  
395/403 King Street, London W6 9BR.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Postcode: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

QANTAS

## NEWS: UK

■ House prices constant in first quarter, say societies ■ Economic advisers likely to be divided on how to cut PSBR

## New commitments to mortgages fall

By John Gapper,  
Banking Correspondent

**THE NUMBER** of home buyers making commitments to new mortgages from building societies fell last month as further evidence emerged that the housing market recovery remains modest.

The Building Societies Association published figures showing that net new commitments to mortgages fell 12 per cent in May to £2.78bn from £3.18bn in April. The fall followed three consecutive monthly rises.

The association also disclosed that its own index of house prices shows that prices remained constant in the first quarter of the year compared to the last quarter of last year, and were 6 per cent down on the first quarter of that year.

Mr Adrian Coles, the association's director-general elect,

said the figures indicated that the housing market was "not taking off" but was nonetheless recovering from the "very depressed" conditions of the last quarter of 1992.

The figures do not include lending by banks or other mortgage lenders - although Abbey National is included in the house price index. Banks have been raising their share of mortgage lending over the past six months.

Societies achieved a net inflow of retail funds from savers of £700m, a fall from April's £1.07bn but far higher than inflows in the first three months. Societies last year achieved a net inflow of only £285m for the whole year.

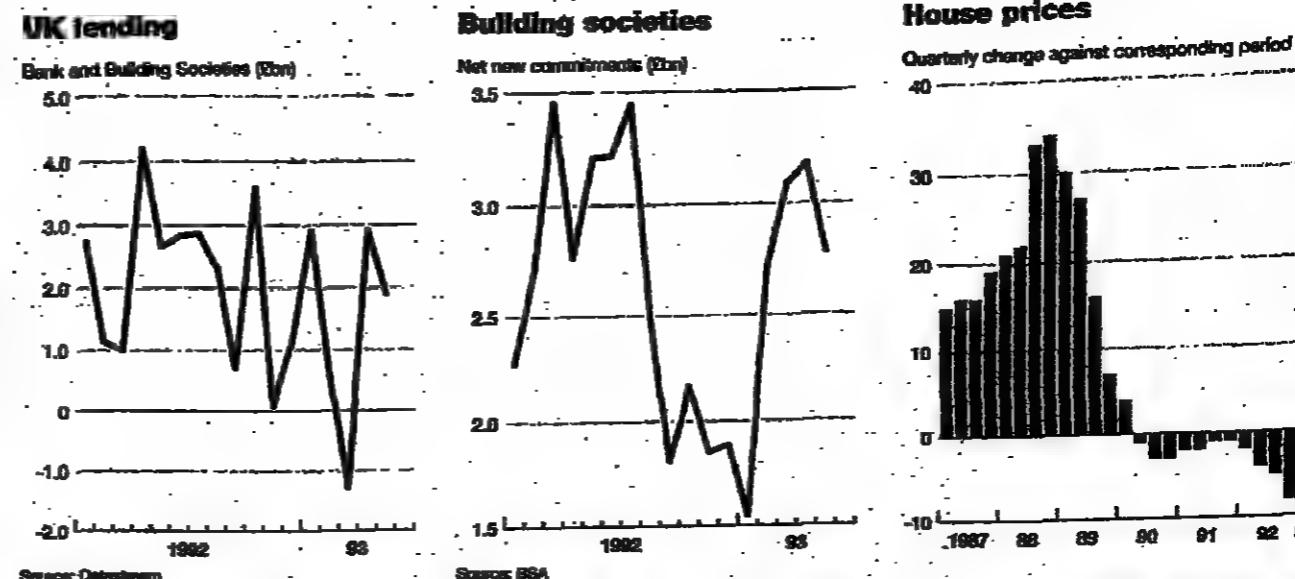
Mr Coles said retail inflows had been "surprisingly robust" in the year so far, in spite of fears of competition from National Savings and Equity

products. Societies have gained £2.5bn so far, compared with £557m for the same period last year.

Mr Coles warned, however, that the forthcoming sale of British Telecom shares would "severely distort" inflows in coming months as savers withdrew funds to buy shares. He said this effect would start to occur at the end of June.

The house-price figures show that the heaviest falls between the first quarter of this year and the same period of 1992 occurred in Greater London (8 per cent), the south-east (9 per cent) and the south-west (11 per cent).

The house price index - which is based on a value of 100 in 1986 - reached a peak of 201 in the third quarter of 1990 before falling. It rose marginally in the third quarter of last year before falling to 182.



## May rise in M4 points to expanding economy

By Peter Marsh

A RISE in the M4 measure of the money supply last month has supported notions that the economy is gradually expanding.

M4, which includes deposits at banks and building societies and notes and coins, rose a seasonally-adjusted 3.9 per cent in the year to May, the Bank of England said.

The year-on-year increase in the aggregate was the highest since November last year. In the 12 months to April the rise was 3.5 per cent.

Other figures from the Bank fail to give the impression that

lending by banks and building societies is set for rapid growth.

Banks and societies last month lent £1.9bn in sterling to companies and individuals, after £2.9bn in April.

Separately, the British Bankers' Association said lending by the big UK banks came to a net £1.15bn in May, after £2.47bn the previous month. In March and April the average monthly rise was just 2.73%.

Lord Inchyra, director-general of the association, said that while total lending had picked up since the start of the year "it is from a

low level and at a very slow pace".

While demand for mortgage loans from the big banks has recently been strong, companies repaid debt in May for the fourth month running.

This in part reflects a desire to repay loans run up during the mid to late-1980s. Companies have also had less need to take on new loans as government borrowing has soared.

The Treasury said: "The improvement in broad money growth over recent months is consistent with evidence of a resumption of growth across the economy."



Money mountain: piles of old 10p coins await recycling at the Royal Mint. On June 30 the coins cease to be legal tender. About 1.1bn have been returned but there are an estimated 200m to 300m still in circulation

## Wise men's training funds call may hamper deficit cut

By Peter Marsh,  
Economics Correspondent

THE TREASURY will be told on Monday by two of its panel of outside economic advisers to earmark more funds for training and investment, in a move which could jolt with the attempt to cut the government's £50bn budget deficit.

Mr Andrew Britton, director of the National Institute of Economic and Social Research, and Mr Gavyn Davies, chief UK economist at investment bank Goldman Sachs, will train funds to the need to

boost Britain's industrial strength and lay the foundations for long-term growth.

The meeting of the Treasury's so-called seven wise men is likely to be divided over whether the government should favour tax increases or spending cuts as the main weapon to bring down state borrowing.

Several of the advisers see regaining control of the deficit as vital to helping a solid upturn.

Any tax rises would come on top of the £17bn worth of tax increases announced in the March Budget to

take effect in the three financial years to 1996-97.

Monday's gathering will take place privately between the seven economists and senior Treasury officials led by Mr Alan Budd, chief economic adviser.

It is their first meeting since Mr Kenneth Clarke took over as chancellor last month from Mr Norman Lamont, who set up the panel in the end of last year. A report written by Treasury officials that summarises the group's proposals and forecasts is due to be sent to Mr Clarke the week after next.

The panel's discussion will be the first since Professor Tim Congdon, a staunch monetarist who is one of the group, criticised his colleagues' understanding of economics in an open letter published in March.

Mr Britton said the government needed to increase funds for training and investment in areas such as transport, while cutting back where possible on social security spending and other areas which did not contribute to economic growth.

While Mr Britton feels further tax increases are not necessary, Mr Davies would like to see tax increases phased in during the next four years "to pay for a shift of resources" into areas of public spending that will help industrial growth.

Mr Davies said the tax increases, combined with possible cuts in public spending, should add up to a fiscal tightening that would total about £12bn by 1997.

Prof Congdon, economic adviser to the Gerrard and National discount house, also wants tax rises to curb the budget deficit. But he is not in favour of plans to shift government resources into investment or training.

ing, arguing the private sector should take the lead on such decisions.

Mr Andrew Sentance, head of economics at the Confederation of British Industry, and Liverpool University's Prof Patrick Minford both want spending cuts to bear the brunt of the effort to bring down borrowing.

Prof Wynne Godley of Cambridge University, another panel member, said he preferred not to state a view prior to the meeting. Prof David Currie of the London Business School, the seventh wise man, did not return telephone calls.

## SFO seeks access to Nadir banks

By John Murray Brown

THE SERIOUS Fraud Office is seeking Turkish government co-operation to allow access to the books of two Istanbul-based banks connected to Mr Asif Nadir, the fugitive business magnate.

The proposal was discussed last week with the Turkish government in meetings with Ms Lorna Harris, the chief SFO lawyer dealing with fraud charges relating to the affairs of Mr Nadir's former company, Poly Peck International.

Legal experts in Ankara have confirmed that the UK has requested Turkish assistance under the terms of a letter rogatory, under which a court in one country can seek the co-operation of a court in another jurisdiction in an investigation of a suspect. If the Turks agree, this would also allow the SFO to interview key witnesses in Turkey relating to the affair.

The SFO is understood to have issued similar requests to a number of countries where Mr Nadir had business interests, including the US and the Cayman Islands.

The letter rogatory would allow SFO access to the records of both imbank, the Istanbul merchant bank Mr Nadir sold in 1990, and Turkiye Yatirim Turizm TYT bank to which Mr Nadir has also been linked. Mr Nadir is believed to have channelled large sums out of PPI to these two banks using the accounts of his mother, Mrs Safiye Nadir.

There is a diplomatic effort to dissuade Mr Nadir from travelling to the Turkish mainland from northern Cyprus where he fled on May 5. He says he wants to go there to reclaim his business empire.

## Fury over Irish president's meeting with Sinn Fein

By Ivor Owen,  
Parliamentary Correspondent

A MEETING yesterday between Mrs Mary Robinson, the Irish president, and Mr Gerry Adams, the president of Sinn Fein, the political wing of the IRA, provoked scarcely disguised fury in Downing Street.

And outraged protests by Unionist politicians underlined the added difficulties now facing Sir Patrick Mayhew, the Northern Ireland secretary, in seeking to persuade the Unionists to participate in further talks on new democratic structures for the province.

Mr Peter Robinson, deputy leader of the Democratic Unionist party, called on Mr John Major, the prime minister, to make an official protest to Dublin about the behaviour of the Irish head of state.

Another source of irritation was that Mrs Robinson chose to meet Mr Adams within 48 hours of Mr Albert Reynolds, the Irish prime minister, being told at a meeting with Mr

He accused her of acting as if she were the head of state of Northern Ireland and giving "a propaganda boost to the IRA".

The Rev Martin Smyth, Ulster Unionist MP for Belfast South, said Mrs Robinson's meeting with Mr Adams had been a "misjudgement that would not do much for her reputation or that of anyone else in Northern Ireland".

While refraining from public comment, Downing Street emphasised that the British government's only role had been to ensure adequate security for Mrs Robinson during the meeting, which took place in west Belfast.

The Irish president's action was defended by Mr Kevin McNamara, shadow Northern Ireland secretary. He said: "Mrs Robinson was on a private visit to west Belfast where she met a resident of west Belfast."

## Spending cuts plea by Hurd

## Minister pressed on science cash

By Ivor Owen,  
Parliamentary Correspondent

DOUBTS ABOUT whether Mr William Waldegrave, the science minister, has the political clout to ensure that money saved through cuts in military research and development is switched to civil projects were expressed from both sides of the Commons yesterday.

He told a meeting of Oxfordshire Conservatives that the need to curb spending came not just from the longer-than-expected recession, but from the fall in the number of workers in the population compared with the number of pensioners, and from rising demands being made of public services.

He said: "When the time for decisions comes, in the autumn, they will have to reflect clearly explained priorities, and they will have to be fair, and be seen to be fair."

Mr Marjorie Mowlam, the

shadow science minister, said the Office of Public Service and Science headed by Mr Waldegrave was not "strong enough" to effectively co-ordinate the science spending of all government departments.

She emphasised that other departments remained responsible for 60 per cent of government spending on science and technology, including 40 per cent by the Ministry of Defence.

Sir Giles Shaw, the Conservative chairman of the Committee on Science and Technology, agreed that the biggest problem facing Mr Waldegrave was how to deal with the MoD. He also pressed for more spending by the Department of Trade and Industry on civil research and development, and greater efforts to secure the support of shareholders and the City for such expenditure.

## The softly-softly approach to closing down the pits

Michael Smith looks at the lessons in subtlety the government has learnt in its handling of the mining industry

ANGER AMONG Tory backbenchers over the latest pit closures is unlikely to result in any significant revolt in the Commons, Ivor Owen writes.

Mrs Elizabeth Peacock, MP for Batley and Spen, who was one of the four Tory MPs who voted against the government when the issue was debated in March, yesterday directed her main criticism at British Coal.

She accused it of not doing enough to

allow October's announcement are, it seems, to be closed in stages and, the government hopes, without fuss.

The first three - Rufford in

In marked contrast to October's approach, British Coal will not publicise its plans. Closure proposals will be put to the workforce for approval, instead of being presented as a fait accompli. British Coal headquarters will not make public announcements before any workforce decisions.

The speed with which the

March vote, said he would have gone into the lobby against the government had he known what the situation would develop.

He criticised Mr Heseltine for failing to exert his authority by telling the generators that they must not run down their coal stocks".

Any further opportunity for MPs to vote on pit closures is likely to arise only if the shadow cabinet decides to initiate a debate on the issue.

the market for their output.

In the 10 weeks since then, market conditions have deteriorated significantly. The improved efficiency of nuclear power plants and a move by the Pollution Inspectorate to enforce tighter controls on coal-fired power stations have reinforced the electricity generators' lack of

enthusiasm for buying coal. If the dozen reprieved pits are to be kept alive British Coal needs to sell at least an extra 12m tonnes of coal this year and more still in 1994-5, when the tonnages required under existing contracts fall.

Developments of the past few months make an impossible task. British Coal will be lucky to secure 8m tonnes more in each year. In asking the workforces at Rufford and Markham to approve closure British Coal is stressing the role of unfavourable geological factors which, it says, will limit the pits' lives. But local officials are also emphasising the marketing conditions.

More influential on the miners' thinking is the gov-

## Question raised on income products

FIDELITY, THE fund management group, has written to the Securities and Investments Board expressing concern about the way some high-income products are being marketed. Philip Coggan writes.

The concerns relate to products which offer a "guaranteed" income, often at levels as high as 10 per cent. These products can appear highly attractive to investors dissatisfied with building society returns in the wake of the fall in base rates to 6 per cent.

While the income is guaranteed on these products, however, return of the initial capital is not. On some products, the stockmarket is required to grow at a defined rate for the original investment to be returned. Investors could easily find that the "income" has been earned only at the expense of their capital, for no real gain at all.

Fidelity is worried that the use of the term "income" in relation to these products may be misleading and that the risks should be made clear to investors. The group has offered to meet the SIB to discuss its concerns.

## Charges over blast deaths

HICKSON & WELCH, the chemicals manufacturer, was yesterday committed for trial at Leeds Crown Court on charges connected with an explosion last year at its plant in Castleford, West Yorkshire, in which five workers were killed and two were seriously injured.

The company faces charges, brought by the Health and Safety Executive, of failing to ensure the safety of employees under section 2 of the Health and Safety at Work Act.

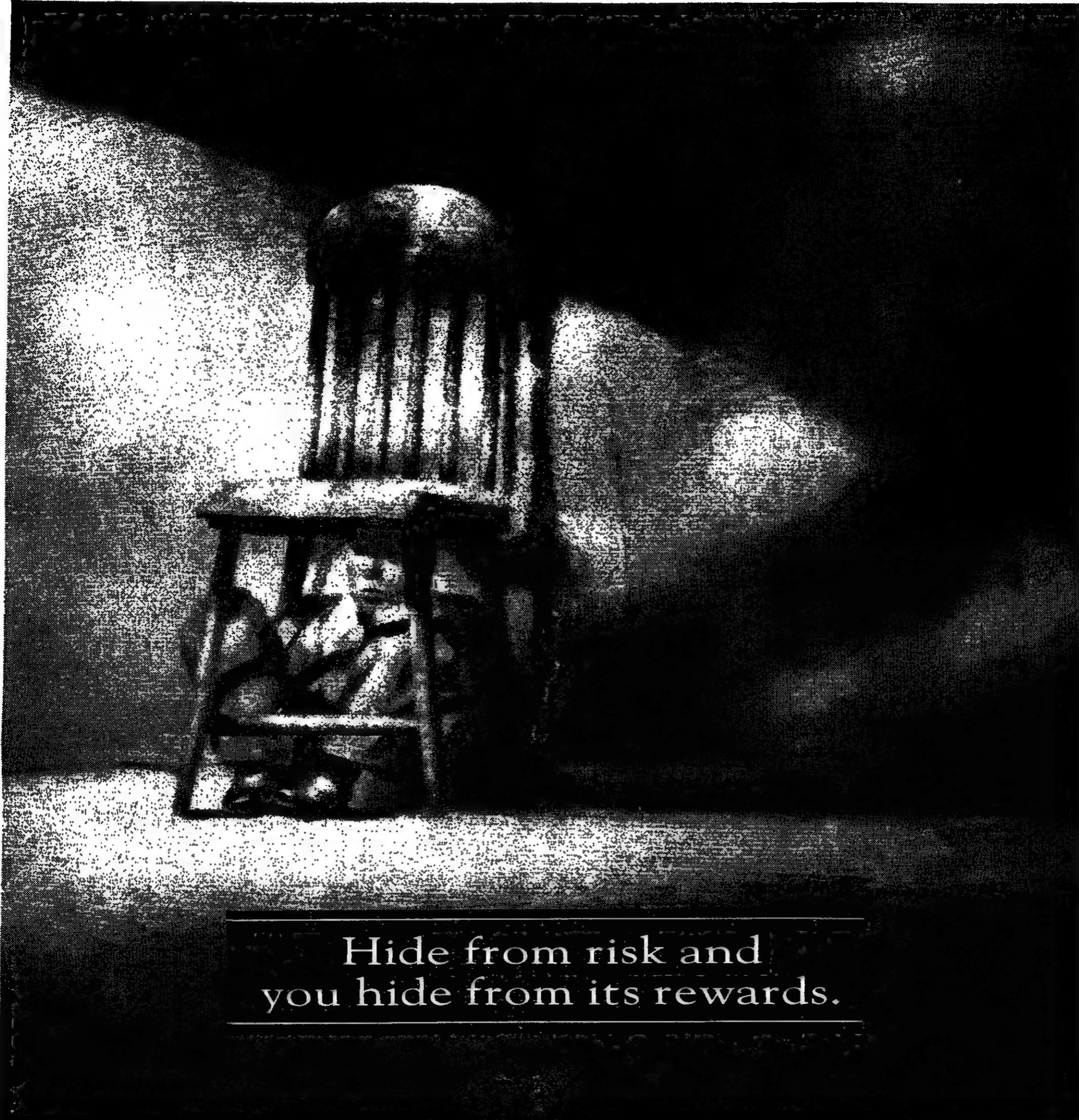
The company's solicitor agreed to the lifting of reporting restrictions on yesterday's hearing before Pontefract magistrate.

Mr Michael Elliker, prosecuting, said the blast happened as workers cleaned out a tank containing a hazardous residue sludge. It was the first time in 20 years that the tank had been cleaned. He said they heated the sludge and cleaned it out using a dangerous method.

## Healthcare plant for Devon

VIDAMED, a Californian healthcare company, is to set up a manufacturing plant at Plymouth, Devon, with an investment of \$4.5m.

©1991 and issued by Bankers Trust New York Corporation and its affiliated companies. Approved by Bankers Trust Company. Member of SFA.



## Hide from risk and you hide from its rewards.

You've got to stick your neck out to prosper.

Risk and reward travel side by side. Avoid the one, and the other will also pass you by.

But your choice of risk is critical. Some risk you want to take. Some, you don't.

Helping you choose—and profit by your choice—is the strength of Bankers Trust. Our whole firm is dedicated to helping clients shed risk that can hurt them, assume risk by which they can profit.

We'll work with you day in, day out, to

analyse your risk. We have the intellectual strength to make hard choices look easy. The market strength to turn strategy into reality. And the capital strength to keep every commitment we make.

Taking and managing risk is the mark of a leader. With Bankers Trust beside you, you'll truly be leading from strength.

**Bankers Trust**  
LEAD FROM STRENGTH.

# CBI chief attacks London strategy

By John Willman

MR HOWARD Davies, director-general of the Confederation of British Industry, yesterday launched a stinging attack on the government's failure to formulate a strategy for developing London as a leading European business centre.

Speaking at a CBI conference on the future of the capital, Mr Davies accused the cabinet sub-committee set up to co-ordinate policy on London of behaving secretly and failing to involve others in its work.

"To most business people the establishment of the sub-committee has been a non-event," he said. "It has been meeting for a year, or so I imagine. But the UK's obsession for secrecy means that no one outside its close circle knows what it has achieved, or what it plans to achieve, or how it plans to measure its performance in the autumn."

Mr Davies also called for progress on improving transport in London, including projects such as the extension of the Jubilee Underground line

and the CrossRail project. Both schemes have been delayed by the government's desire to raise part of the cost through private sector finance.

"There is a danger that the whole government private-finance initiative will be discredited unless real holes can be dug in the ground pretty soon," he said.

Earlier at the conference Mr John Gummer, the new environment secretary, said that he regarded London as a "top priority". He urged Londoners to bring forward suggestions on improving the city, and said that he was considering publishing a "framework document" for the capital in the autumn.

This would "celebrate our city, describe our achievements, reflect the views of Londoners and throw out new ideas."

Mr Davies said, however, that it was hard to be optimistic about London's prospects in competing with other European cities. While business had launched initiatives such as London First and London Forum to improve the capital's

infrastructure and promote it abroad, there was no overall strategic body analysing London's problems and planning solutions.

It was clear, he said, that other European governments played a much greater role in formulating strategic plans for developing their capital cities.

Mr Davies called on the sub-committee to publish an assessment of London's strengths and weaknesses, and its plans for dealing with the latter. It should be supported by a special office with staff from all the departments with an interest in London, such as environment, trade and industry, employment and transport.

The government should also improve its co-ordination with bodies such as London First and the chambers of commerce, he said. It should support the creation of a London centre to bring together initiatives such as London Forum and the First Stop Show for inward investors being developed by the City Corporation, Westminster City Council and the London Docklands Development Corporation.

## \$1bn Morgan and Marsh fund will invest in Lloyd's

By Richard Lapper

J.P. MORGAN, the US bank, and Marsh McLennan, the world's largest insurance broker, are planning to launch a US\$1bn insurance fund in the next few weeks which will make significant investments in the Lloyd's of London insurance market.

With S.G. Warburg, Morgan is one of two banks advising Lloyd's about the introduction of corporate capital.

The project, known as the Trident Fund, will also make investments in the insurance industry worldwide. Lloyd's aims to complete a rulebook setting out the taxation, legal and accounting treatment for

corporate names at the end of next month. It emerged last week that it was hoping to argue as much as \$500m in corporate capital for the 1994 underwriting year.

Morgan and Marsh are already co-operating on the development of a \$70m Bermuda-based fund that will reinstate Lloyd's syndicates managed by Merritt Holdings, the Lloyd's agency.

In a separate development, insurers including Lloyd's syndicates have claimed victory in a US pollution case following an appeal court ruling in early June. The case was one of a series of lawsuits connected with pollution in the Times Beach area of eastern Missouri.

The appeal court ruled this month that policies sold between 1978 and 1983 did not emit as much pollution as the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Crematorium operators argue that the legislation is draconian, going far beyond the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Mr Luby said: "The whole of the Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by crematoriums. In technical terms crematoriums are like any other incinerator, so the industry has to be controlled like any business," the department said.

Since crematoriums tended to be in residential areas, the risk from emissions was particularly high, it added.

The appeal court ruled this month that policies sold between 1978 and 1983 did not emit as much pollution as the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Mr Luby said: "The whole of

the Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by crematoriums. In technical terms crematoriums are like any other incinerator, so the industry has to be controlled like any business," the department said.

Since crematoriums tended to be in residential areas, the risk from emissions was particularly high, it added.

The appeal court ruled this month that policies sold between 1978 and 1983 did not emit as much pollution as the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Mr Luby said: "The whole of

the Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by crematoriums. In technical terms crematoriums are like any other incinerator, so the industry has to be controlled like any business," the department said.

Since crematoriums tended to be in residential areas, the risk from emissions was particularly high, it added.

The appeal court ruled this month that policies sold between 1978 and 1983 did not emit as much pollution as the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Mr Luby said: "The whole of

the Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by crematoriums. In technical terms crematoriums are like any other incinerator, so the industry has to be controlled like any business," the department said.

Since crematoriums tended to be in residential areas, the risk from emissions was particularly high, it added.

The appeal court ruled this month that policies sold between 1978 and 1983 did not emit as much pollution as the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Mr Luby said: "The whole of

the Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by crematoriums. In technical terms crematoriums are like any other incinerator, so the industry has to be controlled like any business," the department said.

Since crematoriums tended to be in residential areas, the risk from emissions was particularly high, it added.

The appeal court ruled this month that policies sold between 1978 and 1983 did not emit as much pollution as the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Mr Luby said: "The whole of

the Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by crematoriums. In technical terms crematoriums are like any other incinerator, so the industry has to be controlled like any business," the department said.

Since crematoriums tended to be in residential areas, the risk from emissions was particularly high, it added.

The appeal court ruled this month that policies sold between 1978 and 1983 did not emit as much pollution as the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Mr Luby said: "The whole of

the Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by crematoriums. In technical terms crematoriums are like any other incinerator, so the industry has to be controlled like any business," the department said.

Since crematoriums tended to be in residential areas, the risk from emissions was particularly high, it added.

The appeal court ruled this month that policies sold between 1978 and 1983 did not emit as much pollution as the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Mr Luby said: "The whole of

the Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by crematoriums. In technical terms crematoriums are like any other incinerator, so the industry has to be controlled like any business," the department said.

Since crematoriums tended to be in residential areas, the risk from emissions was particularly high, it added.

The appeal court ruled this month that policies sold between 1978 and 1983 did not emit as much pollution as the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Mr Luby said: "The whole of

the Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by crematoriums. In technical terms crematoriums are like any other incinerator, so the industry has to be controlled like any business," the department said.

Since crematoriums tended to be in residential areas, the risk from emissions was particularly high, it added.

The appeal court ruled this month that policies sold between 1978 and 1983 did not emit as much pollution as the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Mr Luby said: "The whole of

the Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by crematoriums. In technical terms crematoriums are like any other incinerator, so the industry has to be controlled like any business," the department said.

Since crematoriums tended to be in residential areas, the risk from emissions was particularly high, it added.

The appeal court ruled this month that policies sold between 1978 and 1983 did not emit as much pollution as the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Mr Luby said: "The whole of

the Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by crematoriums. In technical terms crematoriums are like any other incinerator, so the industry has to be controlled like any business," the department said.

Since crematoriums tended to be in residential areas, the risk from emissions was particularly high, it added.

The appeal court ruled this month that policies sold between 1978 and 1983 did not emit as much pollution as the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Mr Luby said: "The whole of

the Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by crematoriums. In technical terms crematoriums are like any other incinerator, so the industry has to be controlled like any business," the department said.

Since crematoriums tended to be in residential areas, the risk from emissions was particularly high, it added.

The appeal court ruled this month that policies sold between 1978 and 1983 did not emit as much pollution as the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Mr Luby said: "The whole of

the Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by crematoriums. In technical terms crematoriums are like any other incinerator, so the industry has to be controlled like any business," the department said.

Since crematoriums tended to be in residential areas, the risk from emissions was particularly high, it added.

The appeal court ruled this month that policies sold between 1978 and 1983 did not emit as much pollution as the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Mr Luby said: "The whole of

the Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by crematoriums. In technical terms crematoriums are like any other incinerator, so the industry has to be controlled like any business," the department said.

Since crematoriums tended to be in residential areas, the risk from emissions was particularly high, it added.

The appeal court ruled this month that policies sold between 1978 and 1983 did not emit as much pollution as the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Mr Luby said: "The whole of

the Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by crematoriums. In technical terms crematoriums are like any other incinerator, so the industry has to be controlled like any business," the department said.

Since crematoriums tended to be in residential areas, the risk from emissions was particularly high, it added.

The appeal court ruled this month that policies sold between 1978 and 1983 did not emit as much pollution as the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Mr Luby said: "The whole of

the Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by crematoriums. In technical terms crematoriums are like any other incinerator, so the industry has to be controlled like any business," the department said.

Since crematoriums tended to be in residential areas, the risk from emissions was particularly high, it added.

The appeal court ruled this month that policies sold between 1978 and 1983 did not emit as much pollution as the EC requirements. They say it will be counter-productive in environmental terms - the NIFES environmental consul-

tancy group says operating the crematoriums at higher temperatures will raise annual running costs by \$4m across the country in addition to the \$30m replacement costs, and use an extra 9m therms of gas.

Mr Luby said: "The whole of

the Department of the Environment insists that these measures are needed to reduce the gases - including chlorides and carbon monoxide - it believes are emitted by crematoriums. In technical terms crematoriums are like any other incinerator, so the industry has to be controlled like any business," the department said.

Since crematoriums tended to be in



Europe's No. 1 telecommunications company is helping east-west business get into full swing.

The Commonwealth of Independent States (CIS) needs access to western market economies. Equally, many

European companies are interested in developing new business relationships further east. A fully functioning telecommunications infrastructure is a fundamental prerequisite for meeting these objectives. And it's on this international, east-west stage that Telekom is currently making a vital contribution.

Working closely with several other partners from German industry, we're participating in the CIS ROMANTIS project to create a satellite-supported communications network. This will link the CIS countries to each other and to the western telephone network.

But there's no need to wait until then: Telekom can already offer companies a super-fast data highway to even the remotest location in the east. Via Intelsat and the Russian Intersputnik system, we keep you in constant touch with your eastern contacts, so that together you can really get business moving.

So, in the interests of economic recovery and good inter-country relations, we're thinking a long way ahead.

If you, too, have demanding communications challenges to solve in the east, have a word with the No. 1 in Europe: Telekom.

Telecommunications made in Germany.

Koblenz.....  
International Key  
Account Management  
Tel.: +49 261 1 23 11  
Fax: +49 261 3 82 82

New York, N.Y.:.....  
Tel.: +1 212 541-39 00  
Fax: +1 212 541-38 99

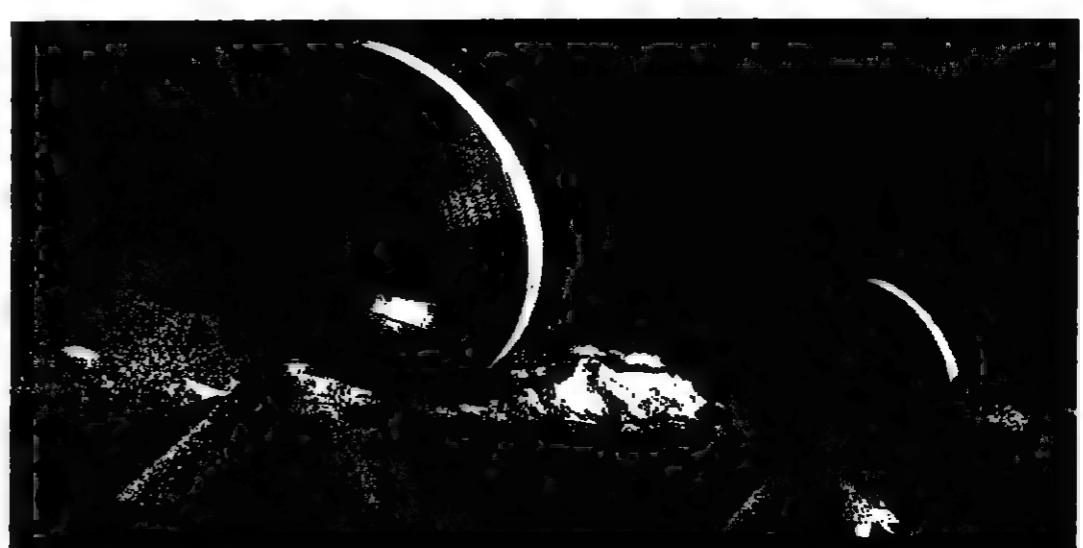
Tokyo:.....  
Tel.: +81 3 5213-86 11  
Fax: +81 3 5213-86 32

London:.....  
Tel.: +44 71 287 17 11  
Fax: +44 71 287 50 99

Paris:.....  
Tel.: +33 1 4070-00 00  
Fax: +33 1 4070-16 51

Brussels:.....  
Tel.: +32 2 775-05 11  
Fax: +32 2 775-05 99

Moscow:.....  
Tel.: +7 095 236 03 34  
Fax: +7 095 237 66 14



We tie markets together.



## FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL  
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Saturday June 19 1993

# Forswear thy foolish ways

"SING FROM the same hymn sheet", John Major urged his factional Cabinet colleagues at Thursday's meeting. For his government has embarked on what Downing Street has described as the toughest test public spending round for 15 years.

But what hymns might the prime minister's colleagues sing as they prepare to meet the Treasury's tough expenditure ceilings? "Fight the good fight?", perhaps. "Dear Lord and Father of mankind, forgive our foolish ways?", preferably. "Lord of all hopefulness"? probably. "The strife is over, the battle done"? Certainly not.

The targets for public spending in 1993-94 and 1994-95, reaffirmed at Thursday's meeting, may be the toughest for 15 years, although the Treasury agrees that defining such claims is problematic. But the government's limits are certainly tougher than it has pursued in recent years. It plans to cap the increase in the control total for public spending, adjusted for recession-related items, so that, in real terms the increase between this financial year and next will be broadly flat, which would make it the tightest year since 1989 when the out-turn control total fell.

But, while 70 per cent of the deterioration in Britain's public finances since then may be recession-induced, the other 30 per cent reflected a deliberate political decision to spend now and pay later.

Between 1991-92 and 1992-93, the control total was allowed to rise by 6.1 per cent, while government expenditure rose as a percentage of gross domestic product from 42 per cent in 1991-92 to 45 per cent this year. Sooner or later, and probably sooner, the government - and thus the electorate - was going to have to pay, either in reduced services or higher taxes.

### Strongest enemies

Mr Major's task is made vastly more complicated by the internal state of the parliamentary Conservative party. Like Japanese prime minister Kiichi Miyazawa, felled yesterday by a factional dispute within a Liberal Democratic party which has held power too long, Mr Major's strongest enemies are within his own party.

Mr Major's attempt to impose discipline on the spending round has been undermined by repeated internal leaks in recent weeks: increased prescription charges, hotel fees for hospital stays, cuts in invalidity benefits, have all been unofficially floated into the public domain in order to force the embattled premier and his increasingly powerful chancellor or either to take the political flak or

shoot them down.

Nor have matters been helped by the apparent willingness of spending ministers to ignore the Treasury's plea for austerity and lodge increased bids for spending, or the open public debate between left- and right-wing members of the cabinet over whether taxes will have to rise further if the combination of Mr Lamont's budget tax increases and the government's spending plans prove insufficient.

As Mr Major knows from reading Trollope, singing together is only part of the story. Archdeacon Grandy and Mr Slope, the bishop's chaplain, were both members of the Church of England, sang in the cathedral together but still pursued very different goals.

Yet it is far from certain whether the spending plans will be tough enough for the economy. Chancellor Clarke stated over this issue in last week's Mansion House speech. "Public finances will be restored 'back towards balance over the medium term', he said, adding: "If I judge that further action is necessary, I shall not hesitate to take it." But Mr Clarke gave no clues as to whether, when or how these further measures might be taken.

### Fiscal reconstruction

Abundantly clear was Mr Clarke's reliance on economic recovery to do the bulk of the fiscal reconstruction. For he intends to go for growth. He will set economic policy with the interest of business as well as the City in mind. He will trumpet Britain's, and his own, successes loudly. It is a little early for him to take the credit for the generally encouraging news on unemployment, the monetary aggregates and inflation revealed this week or worry about the sluggish performance of retail sales. But he will. "We have before us the prospect of several years of steady growth and rising employment," the chancellor said in Tuesday's speech.

But will it last? For populist chancellors tend to favour populist recoveries. A lower exchange rate balanced by a tighter fiscal policy may be the best way to ensure an investment and export-led recovery.

A lower exchange rate and a looser fiscal policy is much the better way to encourage the kind of consumption-driven recovery which wins elections.

But will it last? For populist chancellors tend to favour populist recoveries. A lower exchange rate balanced by a tighter fiscal policy may be the best way to ensure an investment and export-led recovery.

The mandate for the 1973 Emergency Force mission, for monitoring the ceasefire after the Arab-Israel war, is the classic definition of this kind of role: the force must have the full consent and co-operation of all the parties on the ground; it would only have weapons of a defensive character; it would not use force except in self-defence; and it would operate on the assumption that the parties to the conflict would comply with the decisions of the UN Security Council.

### MAN IN THE NEWS: Tony O'Reilly

# Full of beans and blarney

**I**t is long after midnight in a leafy Pittsburgh suburb, and Tony O'Reilly is saying effusive goodnights.

The Dublin-born chairman of H.J. Heinz, the US food group, will have a few hours' sleep, and then jet to Washington DC. There, he will defend the group's Weight Watchers division before the Federal Trade Commission, which is looking into weight loss claims. Next day, it will be on to New York for his eldest son's wedding. After that, there are his newspapers in Ireland and Australia to attend to, not to mention share stakes in Waterford Wedgwood and Fitzwilson, the Irish mini-conglomerate. At some stage, he will return to a 500-acre estate in County Kildare, where horse-breeding interests beckon.

But for the past five hours, no one would have guessed this was a businessman in a hurry. O'Reilly has commanded a dinner-table with an outpouring of indiscreet anecdotes and Irish verbosity. Subjects have ranged from the tunnel vision of bankers to the merits of inflation.

"Maynard Keynes and Jesus Christ," he proclaims, "were the two greatest men in the past 2,000 years." His second wife - Chrissie Goulandris, a Greek-American shipping heiress - quietly leaves the room, and returns with emerald green badges designed by her husband to show to their guests. "The Deficit Doesn't Matter," they declare.

Such is the life of Ireland's best-known executive export. The expansive bon viveur, who started out as a rugby international and once auditioned for Ben-Hur, juggles an exhausting array of private and public interests. This has fascinated commentators for years. Can anyone successfully manage so many

competing demands, ask the sceptics. Or is everyone being fooled by charming Irish blarney and shrewd self-promotion?

These questions have become more intense as the performance of Heinz has stalled. This week, it said it would take a \$122m charge to cover cost-cutting. This resulted in a slide in operating profits, for the second year running, to \$860m, below the level of four years ago.

There has been speculation in the industry that O'Reilly, 57, has been focusing on short term management goals, and that he might now be ready to bail out of Heinz, after more than 20 years with the group.

O'Reilly entered the foods business early in his working life. The son of an Irish customs officer, he studied law at University College, Dublin, but he soon switched to business. At 26, he became head of the Milk Marketing Board of Ireland, where he was credited with launching and promoting Kerrigold butter, the successful export brand.

O'Reilly moved on to manage a couple of Irish food companies which did business with Heinz. The US company got to know him and, to the surprise of many, tapped the 32-year-old Irishman to head its UK business. Two years later, he was sitting in the Pittsburgh head office.

He was named Heinz president in 1973 and became chief executive six years later. In the early days, Heinz grew commendably. In the 1980s, earnings per share virtually quadrupled. This was mainly because of vigorous pressure on costs, international expansion and the success of its Weight Watchers business.

"I have a huge economic incentive," he says, pointing to an option deal struck in 1990 allowing him to buy 1m Heinz shares at just under \$30 apiece in 1996. With the share price at \$37, there is a current paper

**E**vents of the past week, in the tragedies of Bosnia and Somalia, cannot fail to raise questions over the credibility of the peacekeeping capability of the United Nations. In the past few years, after the end of the cold war, the scale and the ambitions of UN peacekeeping efforts have rapidly expanded. Some people dared to hope the organisation might at last be coming into its own as the ultimate guarantor of the international system. But these expectations, enormously puffed up by the spectacular eviction of Iraq from Kuwait in the 1991 Gulf War, now look decidedly overdone and premature.

The danger now, at the end of a week in which UN aircraft have smashed Mogadishu and Lord Owen has conceded that his Bosnian peace plan is dead, is that the United Nations itself will be seriously discredited.

Part of the problem is the speed with which the United Nations' peacekeeping ambitions have expanded. In the past four years, it has launched 14 peacekeeping operations, more than the total number set up in the previous 40 years. It is not just the number but the scale of these operations which has increased, especially in the past two years. In the four years 1987-91 the numbers of soldiers involved averaged 10,000-15,000, but last year the total rose to 45,000, plus another 15,000 police and civilians. It is now considerably higher.

The most immediate consequence has been an exponential increase in costs. In the first half of the 1980s, peacekeeping operations cost on average a little over \$200m a year; in 1988-91 the figure was \$400m; last year it was \$1.4bn, and the total for the current two-year period 1992-93 is scheduled at \$3.6bn.

Part of the explanation is that some of the old UN peacekeeping operations, launched decades ago, are still under way; they may still be performing a modestly useful function, but they have not yet brought peace, and they have not yet been wound up. This is particularly true of the Middle East, which has been the object of six different peacekeeping missions, half of which are still functioning after many years. In 1984, the UN sent a mission to supervise the truce after the 1948 Arab-Israeli war, and it's still there. In 1949, another mission was sent to observe the ceasefire in the conflict over Jammu and Kashmir between India and Pakistan, and it is still functioning.

But the real reason for the cost escalation is that, in the liberated era of self-confidence after the cold war, the most recent UN peacekeeping operations are both much larger and more ambitious than most of those in the previous 20 years. Traditional operations, during most of the post-war period, were deliberately low-key and non-confrontational. Typically, their purpose was not to compel the end of a conflict. Rather, their intention was to help stabilise the wind-down of a conflict which was already being brought to an end by the combatants - for example by monitoring a ceasefire.

The mandate for the 1973 Emergency Force mission, for monitoring the ceasefire after the Arab-Israel war, is the classic definition of this kind of role: the force must have the full consent and co-operation of all the parties on the ground; it would only have weapons of a defensive character; it would not use force except in self-defence; and it would operate on the assumption that the parties to the conflict would comply with the decisions of the UN Security Council.

The turning point in UN peacekeeping came with the accession to power of President Mikhail Gorbachev of the Soviet Union in 1985. His co-operative posture permitted the organisation to take a higher profile. But the subsequent disintegration of the Soviet Union confronted the UN with a series of

unprecedented challenges to its peacekeeping role. The classic problems in the 1960s and 1970s were conflicts between sovereign states.

Today's classic problem, by contrast, is the internal disintegration of states, inter-ethnic conflict and civil war - such as in Yugoslavia, for example, Cambodia and Angola.

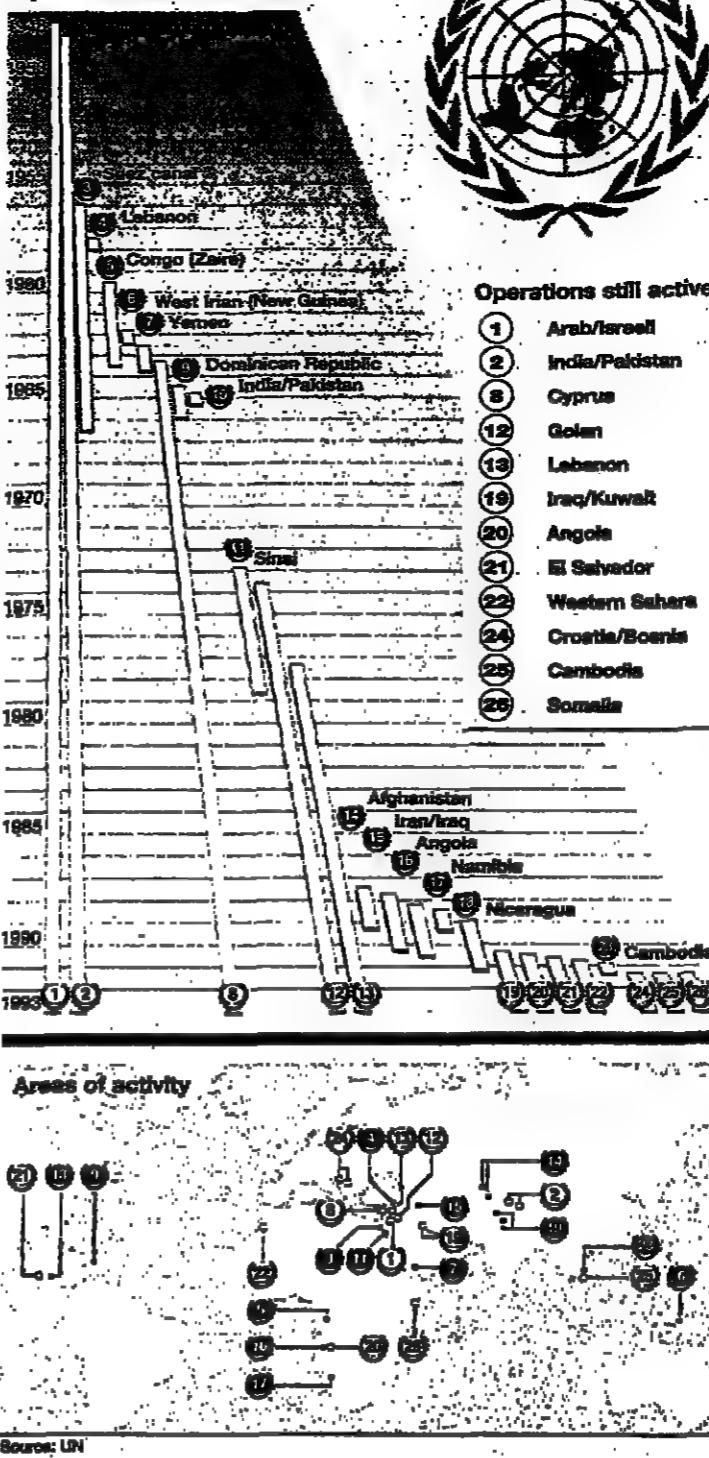
This shift goes some way towards explaining why recent UN peacekeeping operations are so large by historic standards. Monitoring a

precedent demand for United Nations forces has overstretched the world body's resources, writes Ian Davidson

# Peace, but not at any price

### UN: the burden of peacekeeping

Operations since June 1945



precedent challenges to its peacekeeping role. The classic problems in the 1960s and 1970s were conflicts between sovereign states.

Today's classic problem, by contrast, is the internal disintegration of states, inter-ethnic conflict and civil war - such as in Yugoslavia, for example, Cambodia and Angola.

This shift goes some way towards explaining why recent UN peacekeeping operations are so large by historic standards. Monitoring a

precedent achieved so far. The Namibian operation in 1988-90 was a spectacular success in supervising the transition from a war of independence, through elections, to independence itself. But the Angolan operation has so far been a lamentable failure: elections have taken place, but the civil war goes on. In Cambodia, elections have been held, and now everyone is holding their breath in the hope that a new coalition hangs together.

The most difficult cases of all so far are provided by Somalia and what remains of Yugoslavia; and it is here that UN credibility is really at stake. In Somalia, it is difficult to discern whether the UN has a strategy, or whether we are seeing a sequence of different tactics. Unless some constructive strategy comes into view, it will be difficult to reconcile air strikes with any normal concept of peacekeeping. In the former Yugoslavia, the UN had a strategy of providing humanitarian aid, combined with economic sanctions against the warring parties. Now it has an additional strategy of providing "safe havens" for the Moslems. But neither has been backed by enough force to be implemented adequately, and neither is preventing the military carve-up of Bosnia.

The evidence so far suggests that the UN is not yet fully suited to dealing with civil war and ethnic conflict. Almost by definition, the organisation has to operate on the basis of a large measure of international consensus. Intervention in civil war raises difficult questions about the circumstances in which the international community may have the right to interfere in a sovereign state; and about the practical feasibility of bringing a conflict to a stable and peaceful conclusion. The further the UN ventures down the road of intervention and compulsion, the more difficult it becomes to devise a plausible political strategy and to secure the necessary consensus.

**A**s a result, we see the UN Security Council adopt contradictory policies: it votes for safe havens in Bosnia, while knowing that it does not intend to supply the necessary troops to protect them. UN official calculations are that somewhere between 7,500 and 34,000 troops would be needed to protect them. But so far member states have not volunteered even the smaller number; and even the higher number would be too few in the absence of co-operation from the warring parties. So far there has been no such co-operation.

This lack of commitment by the member states also shows up in the peacekeeping budget. At the latest count, member states were \$1.47bn in arrears for all peacekeeping operations, of which \$549m was owed by the US and \$81m by Russia.

Eighteen months ago, when the UN was buoyed up by its new-found confidence, Mr Boutros-Ghali, the secretary-general, called on member states to implement the charter and activate Article 43, by making available stand-by forces for the Security Council. His appeal fell on deaf ears: the world community is not yet ready for such a step.

The final word has not yet been heard on the UN's peacekeeping role, nor even on its role in Bosnia and Somalia. But the evidence so far is that western governments are unwilling to venture far down the road of heavy military intervention, and are anxious to ensure, by pre-emptive monitoring and negotiation, that these two test cases are not repeated elsewhere.



profit of \$28m. This might satisfy many people. But O'Reilly, who already owns another 3m-plus shares, says not. "Every \$10 movement in the share price is \$72m. So you can hardly think of any better way to spend your time, if you're being ruthlessly economic about it, than working for Heinz."

And money, he says, is only half the story. "I have an enormous personal commitment." Heinz was worth \$900m when I took over in July 1973, and now it's got a market capitalisation of \$10bn. So I think I would like to see this growth path resume. I think there is a dissatisfaction with the investment community which has just not with food stocks, but with disinflation. Usually you can get your growth out of price, volume and costs. In these times, with a shell-shocked consumer, it's only possible to get it out of volume and costs."

He points out that Heinz has been facing price wars in about five main business areas, from pet food to ketchup. In the 1980s, by contrast, it largely avoided such skirmishes. But isn't juggling the portfolio of brands, and pinpointing growth sectors, supposed to be the art of consumer products management? After all, this is what O'Reilly did when he picked up Weight Watchers for \$71m in 1978.

"Well, critics can always say that," he retorts, launching into a long defence of Heinz's particular interests. "But I feel mostly stimulated by this present environment. I think the Heinz company has done a hell of a lot of sensible things. But the task is not complete, and I see myself at Heinz for at least another three years."

Is running Heinz what gives him most pleasure? Mr O'Reilly pauses and chuckles, but declines to go quite so far. "There's a certain amount of native pride," he says, the Irish brogue thickening a little. "It's where my professional reputation rests."

Nikki Tait and Tim Coone

### THE ORIGINAL DALVEY BUSINESS CARD CASE

INDIVIDUALITY AND FINE CRAFTSMANSHIP Amid the organisers, filofaxes and credit card holders of today, the Dalvey Business Card Case stands in its own apart. Elegantly slim, lightweight yet robust, it is a splendid decorative and practical personal accessory.

INSPIRED BY VICTORIAN AND EDWARDIAN ORIGINS, the design itself is entirely unique. It is made from high quality stainless steel superbly polished to give a magnificent finish which does not tarnish. It is decorated with a solid brass plate on which initials can be engraved or a company logo embossed. Precision engineered and hand finished, the smooth, slender Card Case is packed in a presentation box accompanied by an illustrated booklet of period etiquette.

COMPLETE PROTECTION

of your cards is ensured. Each one will emerge in pristine condition, to represent you as it should.

FINE VALUE AT £24.95 As a personal, corporate or business gift the Dalvey Business Card Case is unlikely to be beaten. Engraving of up to 3 initials £4.50 and P&P £1.75 are extra.

CORPORATE ENQUIRIES WELCOME

Please phone or fax us for quotations for quantities and details of our full range of unique stainless steel gifts and accessories.

Grants of Dalvey, FREEPOST 1032, Alness, Ross-shire IV17 0BR.

(Tel: 0349 884111 Fax: 0349 884100)

(24 hours)

Please allow up to 28 days for delivery.

Company No. 59562

Signature:



Full refund if not completely satisfied.

TOTAL

Card Cases at £24.95 each

Engraving at £4.50 each

P & P at £1.75 each

Cheque/PO enclosed for TOTAL £

The Japanese are growing accustomed to their most cherished assumptions being overturned.

In the past year the salarymen whose loyalty is the life-blood of Japanese companies have found even they are expendable, as companies cut costs. Japan's traditional deference towards the US has been replaced by a defiant refusal to give in to the Clinton administration's calls for a greater US share of Japanese markets.

But if there was one thing the Japanese could rely on, it was the Liberal Democratic party. The party has ruled the country since 1955, steering it from poverty and hunger in the wake of the second world war to become the world's strongest economy in the 1980s. Now, even the LDP is losing its grip.

Amid extraordinary scenes in the Japanese parliament yesterday evening, a 35-strong group of dissident LDP members revolted against their leaders. Their rebellion threatens to crack the postwar edifice of Japanese politics.

The dissidents voted with an opposition party no-confidence motion, lodged in complaint at the LDP's unwillingness to compromise over plans for political reform. The revolt led by Mr Tsutomu Hata, the former finance minister, brought down the government by 255 votes to 220. A general election will be held in late July.

Japan's international partners will be the first to feel the effects of the turmoil. The government will be paralysed just as Tokyo is preparing to host the annual summit of the Group of Seven industrialised nations in early July.

The consequences for Japan could be momentous, according to the snap judgments offered yesterday. Mr Morihiro Hosokawa, founder of the small but popular New Japan party, compared the defeat to the fall of the Berlin Wall. Perhaps more appositely, Mr Hideo Sakamaki, the thoughtful president of Nomura Securities, said the revolt was more far-reaching than former UK prime minister Mrs Margaret Thatcher's sacking. Business leaders and civil service bureaucrats in private said it was a turning point.

There are two reasons why they could be right.

# Eruption on the political landscape

A rebellion in the ruling party could crack Japan's postwar parliamentary system, say Charles Leadbeater and Robert Thomson



politicians who have inherited their father's support group and thus his seat. The results of this system are obvious. Politicians need large sums of money to finance their support groups, which makes them prone to corruption. Their concerns are local, so their views tend to be parochial.

The inward-looking character of Japanese politics is unlikely to change quickly. Nor is the LDP, though deeply unpopular, likely to be ousted out of power. There is no credible alternative. The opposition parties have no well-defined economic policies, nor experience of handling trade disputes with the US, and their foreign policies predate the end of the cold war.

The clearest evidence that Japanese politics is about personalities more than policies is the way in which people get into parliament. The fastest-growing group of parliamentarians are offspring of former

particularly in the case of the Social Democratic party, the largest opposition party, which adheres to socialist ideology.

While many LDP supporters want to punish the party for its unwillingness to reform, they do not want to dislodge it. They would prefer the party to clean up its image, rather than risk the unpredictable consequences of ruining the entire political system.

However, even if the LDP offers a change of leadership - Mr Miyazawa's position is so weak that he will be forced to resign - it cannot return to politics as normal, even if it emerges from the election as the single largest party.

The reason is simple and powerful: the rapidity and scale of change in Japanese society is finally forcing political change.

Pressure for reform is converging from several sources.

Many business leaders and bureaucrats believe Japan needs political institutions which are more transparent to the outside world if it is to fulfil a larger global role.

The public wants reforms to limit corruption. Urban voters want reform because the electoral system gives far greater weight to rural constituencies.

These pressures are threatening to crack the LDP from within. This week's crisis marks the collapse of the hierarchy which has run the party since the 1970s. Until last year the party had been dominated

by a core of old-timers who were used to the party's way of doing things.

Mr Hata's group is beginning to develop specific proposals, but he has made it clear that merely changing the rules of the electoral system will not be enough. "You have to change the way of thinking," he says.

He argues that the LDP is incapable of coping with the economic and diplomatic responsibilities Japan will face in the 1990s. The country needs a clear line of political command, not the opaque policy-making of a faction-ridden LDP. When new policy details are worked out, Mr Hata's group has nevertheless pledged to be radical, calling, for instance, for an overhaul of Japan's so-called "peace constitution" to allow it to play a larger role in United Nations activities.

But before they get as far as deciding their strategy after the election, the rebels will have a more pressing problem on their minds this weekend - making sure they have collected enough money to deliver to all the weddings between now and the end of July.

## Vanessa Houlder on a reprieve for church property Canons win close combat



for instance, close properties used to be let, at low rents, to deserving cases such as canons' widows. But by the end of the 1980s, the soaring cost of maintaining properties forced the chapter to treat its properties on a more commercial basis.

Of the 80 houses in the close, there are now just 20 on the old-fashioned "soft" leases. Another 20 properties are used for the staff of the dean and chapter. The remainder have been sold on long leases to the highest bidder. And Salisbury Close, widely seen as the most beautiful cathedral close in the country, attracts high bidders. One five-bedroom house is on the market for £900,000.

The case of Salisbury might allay some of the fears about a dean relinquishing control over the residents in a close. The newer residents, who include Sir Edward Heath and other MPs, writers and businessmen, are generally perceived to be sympathetic to the character of the place, if not necessarily devout.

"At least 80 per cent take no role in the life and work of the cathedral," said an elderly inhabitant of the close.

"But they are not opposed to the work of the church. If you come into the close, you do not have beer parties or

drinking."

But even if the chapter in Salisbury does not regret that it is no longer able to pick and choose its residents, the prospect of enfranchisement gave

some of the fears about a dean relinquishing control over the residents in a close. The newer residents, who include Sir Edward Heath and other MPs, writers and businessmen, are generally perceived to be sympathetic to the character of the place, if not necessarily devout.

"At least 80 per cent take no role in

the life and work of the cathedral,"

said an elderly inhabitant of the close.

"But they are not opposed to the work

of the church. If you come into the close, you do not have beer parties or

drinking."

But even if the chapter in Salisbury

does not regret that it is no longer able to pick and choose its residents, the prospect of enfranchisement gave

it a feeling of insecurity. "Restrictions are not as enforceable with freeholds," says Mr David Barke, who advises the chapter on the management of the close. He shudders at the idea that the chapter could not prevent a building being turned, for example, into a political office.

N nonetheless, he has no complaints about the residents' willingness to maintain the buildings. "The people who bought those properties look after them 10 times better than the chapter did in the 1950s and 1960s," said Mr Barke.

The willingness of residents to look after their property is, in some respects, at the heart of the debate about enfranchisement. One of the main concerns that led to the Lords amendment was whether enfranchisement would threaten a close's role as "an oasis of peace and tranquillity in the urban environment".

Champions of the amendment, such as Lord Monson, argue that closes owe their character to "integrated long-term planning made possible by the enlightened management policies of their governing bodies".

The government, however, believes that estate management schemes and the planning system are sufficient to maintain the character of closes.

Some residents go further, believing that the cathedrals are not particularly worthy stewards of their architectural heritage. Over recent years, the cathedrals' need to provide facilities for tourists and raise funds to maintain their buildings have forced them to propose developments that have been bitterly opposed by conservationists.

While nobody doubts that the closes need to be conserved, some of their residents will continue to think that the case for excluding them from the enfranchisement legislation has not been properly made.

The high rate of adult illiteracy is placing a heavy burden on industry, writes John Authers

## Basic skills don't add up

I t might not seem difficult to calculate 10 per cent of £4,900, but a survey published this week found that 23 per cent of the UK's 21-year-olds could not work out the answer - even with calculators.

The survey, conducted by the Adult Literacy and Basic Skills Unit, an independent government-funded agency, poses rather more difficult questions for educators and industrialists. It indicated that one in five young adults needs urgent help with numeracy, while one in seven has serious problems with literacy.

Many more had a barely adequate command of reading, writing and arithmetic. For example, 55 per cent of the 21-year-olds had mathematical skills inferior to those expected by the national curriculum of a 12-year-old.

Such difficulties with basic skills cause problems for those who suffer them. But they also inflict great damage on the economy.

A separate survey of 400 companies by the Albus, carried out at the end of last year, produced an estimate that the total cost of poor basic skills to industry in the UK was £4.35bn a year. This estimate includes £2.55bn as the cost of rectifying customer orders dispatched incorrectly, and £1.8bn for the cost of lost customers.

That shift in emphasis to improving basic skills among younger people has now been adopted by the Department for Education. Last year, the department announced grants of £4.4m for pilot projects in "reading recovery".

Mr Edward Roberts, chairman and chief executive of Heath Springs, a small West Midlands spring manufacturer, said: "In the last five years there has been a dramatic change in the skills needed on my shop floor. The artisans who work here don't just have to measure the components they produce, as in the past. Now, the whole factory is run using statistical controls. If you don't have workers with the basic skills required, those controls will fail."

Many workers were uneasy about their ability to use computers when the company introduced them. And Mr Roberts has had problems bringing in the Japanese technique of "visual management", which uses written signs on the shop-floor to direct workers. Such techniques are doomed to failure if the workers cannot read. Mr Roberts does not believe his workforce has grown less literate; what has changed is that he now needs a higher standard of literacy among his employees. While illiteracy was once a problem that could be ignored, industry is now forced to confront it. As Mr Roberts said: "If companies don't believe their employees are literate or numerate, they won't be internationally competitive, and they may as well close down now."

Parents provide another line of attack. Mr John Patten, the education secretary, this week announced a small grant of £250,000 for pilot schemes in family literacy, modelled on programmes developed in the US, where parents are given help with reading and encouraged to help teach their children.

Neither approach is uncontroversial, however. Ann Barnes of the National Association for the Teaching of English is dubious about reading recovery programmes, which she believes to be unnecessarily expensive. Resources might have been better used by experimenting in the use of computers in the classroom to help children read and write, she says.

Nor is it always possible to rely on parents: the Albus research shows that children who have difficulty with reading and writing often have parents with the same difficulties. And some teachers are unhappy about encouraging parents to help their children as it can make life difficult in the classroom when some pupils have been taught to read while others have not.

Precise international comparisons are difficult, but research suggests the UK's problems are not unique. In Australia, 28 per cent of those tested failed an exam in "practical" literacy, which involved such tasks as filling in forms. The National Assessment of Educational Progress in the US found in 1989 that 32 per cent of the population had difficulties with day-to-day tasks.

## Hardship committee is not the real answer

From Mr Christopher Saunders. Sir, Mr Hamilton Stutt's letter (June 1) summed up the inequity of what Lloyd's is attempting to put over on the ruined names. Mr Michael Wade, a working name and market practitioner, on the other hand does not seem to appreciate the real size of the problem (Letters, June 2).

It is possible, though unlikely, that he has suffered the level of loss that I and probably Mr Stutt have had to endure. My Lloyd's accounts and estimates show I have lost at least £1.1m in the four years of account to December 1990, and when final results are out undoubtedly still more. This, on a premium limit averaging £293,000, is a bit rich. It could take all my assets and more. Multiple exposure to Gooda Walker and Feltrim has done it, as for many others. It looked like diversification but was not. The Lime St members agency (involuntary liquidation) chose my syndicates with Lloyd's full knowledge.

The business plan following the task force report seeks to show how this kind of personal catastrophe should be impossible under the regime of the future. It seems significant that in arguing for the changes very damaging admissions are made, explicitly and implicitly, about failure to regulate the market in the past.

So some of us are amazed that it is taking so long to produce a better answer than the hardship committee (really a debt collector). If nothing else is done, like Samson blinded, we are quite prepared to pull down the pillars of the Phillips' temple. But if sensible arrangements are made to take care of the negligent or perhaps illegal parts of our losses, then we will gladly co-operate and so help Lloyd's to continue and trade profitably.

Interestingly, the proposed 80 per cent high level stop loss scheme would have paid off £733,000 of my losses had it been in place. Perhaps that suggests a solution?

Christopher Saunders, Nine Wells House, Great Shelford, Cambridge CB2 5JY

## Detailed accounts needed of political donations

From Mr Kenneth P Armitage. Sir, The Conservative party is playing the game of political donations too close to its chest. "Tory party to return Nadir funds if they were stolen" (June 16). Regardless, it would appear that Asil Nadir is not the only foreign national to donate money to the Conservative party during the past decade and this raises the question of accountability.

The number and amount of these donations calls into ques-

## LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL  
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

## Local government: no change may be best

From Ms Fiona Reynolds.

Sir, Your leader, "Local Council" (June 17), concerning the review of local government structure hits the nail on the head. The Local Government Commission has clearly got off to a difficult start. This is perhaps unsurprising in view of the strong historical identity of many local authorities and the vitally important functions they perform, especially - from the point of view of the Coun-

cil for the Protection of Rural England - those concerning environmental protection, such as minerals, transport and land use planning.

CPRB believes the "no change" option - one which the commission assures us remains on the table - deserves much more careful consideration. Apart from obvious problems with some of the more recent creations, the case for a radical review of local

government structures has not generally been well made. As your leader recognises, the existing two-tier structure of districts and counties, far from

resulting in a duplication of responsibilities, combines to provide locally sensitive service delivery and accountable strategic decision-making. The early signs are that the commission is attaching insufficient weight to the status quo as an option.

For the final decision, remains of course, in the government's hands. The environment secretary, John Gummer, could with advantage remember the environmental benefits of the current system.

Fiona Reynolds,  
director,  
Council for the Protection of Rural England,  
Warwick House,  
25 Buckingham Palace Road,  
London SW1W 0PP

## Much too costly a saving

From Mr John Murray. Sir, Re your story, "Universities allowed to charge top-up fees for tuition" (June 9), does this government decision herald a slow return to the days when only the eldest child in wealthier families could be educated at university? Surely, if savings in public expenditure must be made it would be far preferable to eliminate tax relief on mortgages once and for all. This subsidy could be removed with rela-

tion to the system of political funding in the UK and whether or not donations are a means of purchasing influence and other favours. It is time that all political parties were obliged, by law, to publish detailed accounts, including names of donors, to allow the public to assess whether there are any implications.

Kenneth P Armitage,  
29 Stoneham Close,  
Petersfield,  
Hampshire GU32 3BX

gion in money and credit over the long run is sufficient to encourage growth in the economy in line with its potential and with reasonable price stability. In the short run the Federal Reserve seeks to adapt its policies to combat deflationary or inflationary pressures as they may arise. (The Federal

Reserve System: Purposes and Functions. Board of Governors, Washington DC, 1984.)

The independence of the central bank can be given objectives other than price stability. The current debate often fails to recognise this point.

Christopher Johnson,  
UK adviser,  
Association for the Monetary Union of Europe,  
39 Wood Lane,  
London NW6 5UD

The independence of the central bank can be given objectives other than price stability. The current debate often fails to recognise this point.

Christopher Johnson,  
UK adviser,  
Association for the Monetary Union of Europe,  
39 Wood Lane,  
London NW6 5UD

## COMPANY NEWS: UK

Ex-employees deny wrongdoing

# Court order for US arm of Pilkington

By Damian Fraser in New York

LIBBEY-Owens-Ford, the US subsidiary of Pilkington, the glass products group, has obtained a court order preventing sensitive internal information that had allegedly been fraudulently acquired from being damaged or misused.

The order came after Lof alleged in a US court that its former chief executive and two executive vice-presidents had conspired with an Ohio University business professor, Clarence Martin, to give data-processing contracts to a company they jointly controlled, Computer Technology Management. CTM allegedly charged some \$3m (£2m) in unwaranted consulting fees for managing the information, described as Lof's "central nervous system".

Mr Ronald Skedle, former chief executive, and Mr Edward Bryant and Mr Darryl Costin, vice-presidents, were fired from Lof last month. Pilk-

ington then said that the problem did not involve "a major financial loss" and that Lof's customers and operations were not affected.

The former executives, named in court rather than in court papers, and Mr Martin, have through their lawyers, denied any wrongdoing.

Lof has further alleged that in or around March 1991 the defendants "conspired to create a scheme to acquire valuable gas wells owned by Lof at an artificially low price and to thereby convert the assets of Lof to their own use and enjoyment." In March the defendants allegedly channelled a leasing contract for robots to a company controlled by Mr Martin, at an "exorbitant lease rate grossly in excess of fair-market value leasing rates", the court paper said.

Lof has demanded the defendants pay compensatory and punitive damages, return illicit profits, and rescind contracts with their former company.

## Celsis expected to raise up to £20m in flotation

By Richard Gourlay

A BIO-SCIENCE company that hopes to replace the 100-year-old agar plate technology for detecting and identifying microbial contamination is due to join the market next month through a placing and intermedium offer.

Celsis has never made a profit and its digital testing product is still in development. But the Cambridge Science Park company is expected to raise up to £20m and have a market capitalisation of some 250m.

The group will be headed by Mr Tony Martin, chief executive, formerly a director of British Bio-technology, and chaired by Mr John Precious, chairman.

## Bimec shares fall on warning of rising losses

Shares in Bimec Industries were halved from 84p to 4p yesterday as the engineering and waste treatment group announced that losses for the year to March 31 would be "materially higher than that shown at the half-year" and there would be "a significant excess of liabilities over assets", writes Peter Pearce.

At half-time, pre-tax losses totalled £2.87m (profits £2m).

Mr Barber, the company director brought in to replace Mr Sam Smith as chairman and chief executive in September, said that, although Aero & Industrial Technology, the gas turbine combustion company he was most keen to dispose of, had been "reduced and reorganised into a good company", so far it had not been possible to find a buyer.

Accordingly, there had been "no material improvement in the net cash position", he said, and without Lloyds Bank's support, Bimec would be "in peril". It employs 1,000 people, down 500 since it joined.

## Cairn Energy raising \$25m for development

By Deborah Hargreaves

Cairn Energy, the oil and gas exploration company, is selling 4.75m new shares in its US subsidiary as well as up to 1m existing shares in an offer that is expected to raise up to \$25m (£16.6m).

Mr Bill Gammell, chief executive, said the US company would use the proceeds to develop a 200bn cu ft gas discovery recently made in the Gulf of Mexico. "The discovery meant that the US part was becoming the major area of our business and we wanted to use the share sale to re-balance the group," he said.

The receipts from the sale will also be used to repay debts of \$2.6m to Cairn and \$3.6m to its parent in redemption of preferred stock. These payments, together with the proceeds from the sale of Cairn's shares, will leave the company with \$11.3m which it plans to use for developing its current interests and for future investment.

## N Ireland Electricity subscribed 3.9 times

By Angus Foster

THE SHARE offer for Northern Ireland Electricity, the last of the regional electricity companies to be privatised, has been subscribed 3.9 times. Following a clawback of shares from institutions, the public offer was still subscribed 2.7 times.

All registered customers have been allocated some shares, and those applying for up to 300 shares received a full allocation.

Customers who applied for 15,000 shares and above have been allocated 10 per cent of their application if they applied through a share shop, and 8 per cent if they applied elsewhere. Non-customers who applied for 1,500 or more have not been allocated shares.

Deals should start on Monday. Interim certificates are due to be despatched next Thursday.

## Rentokil fails to secure more Securiguard

Rentokil, the property and environmental services company, has again extended its offer for Securiguard until June 25. By the second closing date yesterday, Rentokil had received acceptances representing about 1.35 per cent of Securiguard's shares, unchanged on a week ago.

Securiguard has urged shareholders to continue to reject the offer, which it described as "ridiculously low".

## Bridgend falls £3m into red

Bridgend Group, which has interests in distribution and leisure, incurred a pre-tax loss of £3.08m for the 1992 year on turnover of £15.75m. The result was after a property revaluation charge of £3.32m.

In the previous year profits were £900,000 on turnover of £17.5m. There was a turnaround from interest received of £23,000 to a charge of £17,000.

There was also an extraordinary charge of £525,000 (£269,000) relating to discontinuing the property division. The retained loss was £3.62m (£313,000).

Losses per share came out at 11.5p (earnings 2.4p). A final dividend of 0.2p is proposed for total of 0.4p (1.2p).

Bridgend was outbid for its

# Outspoken champion of manufacturing

Chris Tighe on Crabtree's approach to the market

ONE OF Britain's most vociferous champions of manufacturing industry will see dealings start on Monday in the shares of Crabtree, the Gateshead-based metal decorating printing press producer of which he is chairman.

Mr Karl Watkin has a reputation for outspokenness in criticising what he sees as lack of government commitment to manufacturing. Legend has it that he called Mr Peter Lilley a "little gillie" when the hapless politician toured Crabtree in his days as Trade and Industry secretary.

However, Mr Watkin, 37, whose maxim is "slog boys get nowt" - has put his effort where his mouth is. Since he and Mr Matt Cooper, his partner, staged a £3.6m management buy-out of Crabtree from Vickers in 1986, they have turned it from a company losing £8,000 a day into a profitable exporter selling more than 80 per cent of output to more than 50 countries.

Crabtree's flotation, via a reversal into Somerset Trust, a quoted investment trust, aims to fund acquisitions in the capital equipment sector. Mr Watkin says: "We're looking for a company with a substantial turnover, £40m-£100m, currently washing its face, experiencing, but with a potential to be world class."

Somerset's £19.4m acquisition of Crabtree, plus £1m of working capital, consists of the issue of 55m shares to the vendors, plus £8.4m of loan notes and a £5m cash payment.

Credit Lyonnais' placing of 6.7m new ordinary

shares at 150p each, to raise £10m, was enthusiastically received by institutional investors. The 3-for-1 rights issue of 3.6m shares, also at 150p each, to raise £5.4m, is fully underwritten by Hill Samuel. The Somerset EGM on Monday to vote on the reverse takeover, under which the trust will be renamed Crabtree Group, is expected to be a formality.

The company, which counts only Mailand of Germany and Daikinopsis Ink and Chemicals of Japan as major competitors, designs, produces and installs presses for decorating tinplate and aluminium. An estimated 1,500 machines worldwide provide a profitable income stream from maintenance, repairs and spares.

Crabtree's flotation, via a reversal into Somerset Trust, a quoted investment trust, aims to fund acquisitions in the capital equipment sector. Mr Stephen Hangrove and Mr Luke Johnson, who acquired 29.9 per cent of Somerset last summer with a view to an acquisition by reverse takeover, will have 2.5 per cent. Mr Watkin and Mr Cooper will remain at the helm of a strengthened management team.

Recently, Mr Watkin launched a high-profile crusade, Manufacturing Challenge, to urge north-east England manufacturers to double output and treble exports over the next decade. The cam-



Karl Watkin: has turned Crabtree into a profitable exporter

forefront of our minds"

What institutional investors will make of Mr Watkin's bluntness remains to be seen. He acknowledges he now has investors to please but anticipates no problems. "I'm more than happy so far with what's been said to me by institutional investors," he says.

## Electronic Data slips to £2.34m

By Paul Taylor

ELECTRONIC DATA Processing, the Sheffield-based computer software and services group, reported flat interim profits yesterday. At the same time, the company announced two new software products underlining its shift in focus to higher margin software publishing.

Pre-tax profits in the six months to March 31 slipped from £2.41m to £2.34m, on turnover which declined to £7.35m (£7.57m).

The slight fall in turnover came despite a first time contribution of £400,000 from the group's two new US acquisitions, Visi Systems and Open, acquired in November, which partly offset an 8 per cent decline in UK turnover reflecting the continued slide

hardware prices.

Operating profit from existing operations edged ahead to £2.05m (£2.04m), but was offset by an £11,000 loss posted by the recent acquisitions and a decline in net interest received which fell to £300,000 (£355,000).

EDP has been refocusing its business away from low margin hardware distribution, which accounted for about 40 per cent of turnover in the latest period, towards software publishing and services provision.

Service revenues, which include both equipment maintenance fees and recurring revenues through licensing the group's highly successful Merchant software for wholesale distributors, are now running at an annualised rate of 8%.

The company has invested heavily in research and development in recent years to design new software which will work with "open systems".

It has spent £2.5m developing UniVision, an advanced database management software product for PICK programmes, and Axion, a portable graphical user interface (GUI) programme initially developed by Visi Systems.

Despite the continuing investment in R&D, the group ended March with cash balances of £10.4m and Mr Richard Jowitt, chief executive, said the group was still looking for possible acquisitions.

Earnings per share slipped to 18.07p (18.33p), out of which the group is paying an unchanged interim dividend of 3p per share.

## Cash alternative at TV-am

By Raymond Snoddy

A DIRECTOR of TV-am, the former breakfast television company, promised yesterday that if the company decided to move into the casino business, a cash alternative would be available to shareholders.

Mr Richard Redmayne of stockbrokers Smith New Court and one of five remaining TV-am directors, said the company had begun exploring the improved market for "shell companies".

Mr Redmayne confirmed however, that the five remaining directors were talking to Crookfords, the Mayfair casino company, about the possibility of an acquisition. If the deal goes ahead, there would be a simultaneous rights issue, flotation and acquisition.

## NEWS DIGEST

year to May 31 would be "slightly below" the £2.3m achieved last time.

The company said that trading levels in the refrigeration division had been held back by poor weather conditions which affected the level of service activity, and by a loss on a contract completed at its Rock Refrigeration subsidiary.

The group's financial position remained strong and trading in the refrigeration division had improved in June with service activity back to expected levels, it said.

## Booth hit by delayed contracts

Delayed overseas contracts were behind a dive into pre-tax losses of £21m to £7.9m in 1992. Of that, interest accounted for £7.42m reflecting the high bank debt outstanding as a result of former losses in the parent company.

The group is engaged in merchandising and distribution and in film, television and lighting.

Turnover rose to £24.4m (£16.7m) and generated a gross operating profit of £2.47m (£1.9m).

Losses per share worked through at 0.9p (1.4p).

The directors considered the group was making good progress. Apart from maintaining and developing the value of remaining investments, the primary object was the successful completion of the litigation programme seeking recovery for past losses from certain former professional advisers.

The action with SBS Securities would start next May, and the case against the former auditors, KPMG Peat Marwick McLintock, was expected to come in January 1993.

John Swan 7%

ahead to £231,346

Improved trading performance continued into the second half at Hobson, and resulted in the group returning to profit for the year ended March 31 1993.

Additionally, the acquisition of Cadmark and rationalisation of its production into the Shepshed Toiletries factory resulted in the cost savings and increased efficiencies envisaged.

At the pre-tax level, the profit came to £140,000, compared with a loss of £270,000, from turnover of £9.04m (£6.35m). Earnings per share were 26.2p (23.9p) and the dividend for the year is raised by 1p to 16p.

Beales shares fall 27p on warning

Shares in Beales Hunter fell 27p to close at 265p yesterday after the refrigeration and electrical components company warned that profits for the

year's earnings will comfortably exceed the minimum forecast total of 3.6p. A second interim of 0.9p (0.8p) is declared.

## Cambridge Water rises 36% to £2.94m

Cambridge Water Company, which supplies water to the Cambridge area, improved pre-tax profit by 36 per cent from £2.16m to £2.94m in the year to March 31.

Mr Peter Shaw, chairman, said the high level of capital expenditure in the past three years had provided enough water resources to meet growth in demand for the foreseeable future. From now on, he said, capital expenditure should be at a much lower level and be funded from retained profits.

Turnover advanced to £14.3m (£12.8m). Earnings worked through at 76.5p (53.5p) per share and a final dividend of 11.5p (10.5p) is recommended for a 170p (115p) total.

Turnover tumbled 39 per cent to £15.8m (£30.85m). The final dividend has been cut, leaving the 0.7p interim to compare with the previous year's 3.2p total. Losses per share were 11.53p (10.58p earnings). The shares fell 16p to 120p.

Hobson turnaround to £210,000 profit

Improved trading performance continued into the second half at Hobson, and resulted in the group returning to profit for the year ended March 31 1993.

Additionally, the acquisition of Cadmark and rationalisation of its production into the Shepshed Toiletries factory resulted in the cost savings and increased efficiencies envisaged.

At the pre-tax level, the profit came to £140,000, compared with a loss of £270,000, from turnover of £9.04m (£6.35m). Earnings per share were 26.2p (23.9p) and the dividend for the year is raised by 1p to 16p.

Total Systems 10% advance at Total Systems

The Total Systems investment trust saw its net asset value increase by nearly 10 per cent in the six months ended April 30 1993.

That compared favourably with the principal indices in the UK, US and Europe.

The value per share was 153.5p against 133.5p at the trust's year-end in October and 141.5p a year earlier. Its strategy during the six months has been to remain fully invested with increased emphasis on the UK, Far East and Japan.

At April 30 the UK accounted for 52.7 per cent of the portfolio, the rest of Europe 11.5 per cent and the US 20.7 per cent.

Total revenue came to £5.8m (£5.42m) and earnings per share rose 9.9 per cent to 1.08p (1.71p). A similar rate of growth was expected in the second half.

Operating profit was little changed at £256,000, but interest receivable doubled to £117,000.

Earnings worked through at 16.08p (5.11p). The final dividend is 1.5p for a total of 3p (2.25p).

## DIVIDENDS ANNOUNCED

ECONOMIC DIARY

**TODAY:** European Community Socialist Party leaders hold summit meeting in Copenhagen (until June 20).

**MONDAY:** Start of two-day European Council summit meeting in Copenhagen. Agenda includes progress report by economy and finance ministers on European Community growth initiative; long-term economic future; future relations with central and eastern Europe and implementation of the Maastricht Treaty (until June 22). National food survey; household food consumption (first quarter). Balance of trade with countries outside the European Community (May). European parliament in session in Strasbourg (until June 25). British Steel results.

**TUESDAY:** Quarterly national accounts (first quarter). United Kingdom balance of payments (first quarter).

**WEDNESDAY:** Construction output - new orders (April). Institutional investment (first quarter). Cross border acquisitions and mergers (first quarter). International banking statistics (first quarter). US durable goods (May); final estimate of gross domestic product during the first quarter and revised figures for corporate profits (first quarter). Mr Poul Rasmussen, Danish prime minister, and Mr Jacques Delors, European Commission president, to address European parliament on the outcome of the European Community summit in Copenhagen. Start of two-day ministerial meeting of the Uruguay Round of world trade talks in Japan.

**THURSDAY:** Energy trends (April). Engineering sales and orders at constant prices (April). New vehicle registrations (May). US jobless claims. European Community fisheries council meets in Luxembourg. Interims from Lonrho and TSB Group.

**FRIDAY:** CBI monthly trends enquiry (June). Capital expenditure and stockbuilding (first quarter). European Community energy council meets in Luxembourg. Democracy Negotiating Forum meets in Johannesburg. Global Forum 94 environmental conference in London.

LIFFE EQUITY OPTIONS

Options	CALLS	PUTS	Options	CALLS	PUTS	Options	CALLS	PUTS											
	Jar	Oct	Jan	Feb	Mar	Apr	May	Jun											
Aerospace	500	44	60.5	88	12	18	300	42	75	105	205	295	395	420	57	-35	47		
AT&T	550	14	29	38.5	94.5	135	415	420	55	61	31	49.5	55	62	72	-1	-1		
Avon	320	10	22	28	15	23	25	405	35	37	47.5	65	18	22	295	-	-		
BCCI	500	3	11	17	30	42	46	425	14.5	24.5	32.5	17.5	30	34	400	42	55	-35	50
ASDA	57	9	12	-	12	-	-	300	32	36.5	42	21	24	28	310	35	40	45	45
BTC	267	19	38	35.5	71	145	20	300	11.5	18	31	13	21.5	23.5	300	16	21	24	24
BTC	316	5	16	21	21	31	34.5	300	12	27	32.5	10	21.5	26	300	17	21	24	24
British Steel	420	38.5	55	62.5	85	175	25	400	45	55	61	31	49.5	55	62	72	-1	-1	
Brown	420	15	33	42	55	85	25	400	12	17	35.5	45.5	51.5	55	62	-	-	-	-
CBA	420	29	40	55	75	135	25	400	14.5	27.5	37	21.5	31	35.5	400	16	21	24	24
CBA	500	72	22	35	55	85	41	400	16.5	27	37	21.5	31	35.5	400	17	21	24	24
BP	300	17.5	25.5	31.5	61	145	18.5	400	19.5	25	31.5	45.5	51.5	55	62	-	-	-	-
BP	336	4.5	12.5	18	34.5	31.5	34.5	300	15	18	30	42	45.5	51.5	55	62	-	-	-
Brown	600	65	11	12.5	65	95	11.5	400	55	61	65	75	85	95	105	115	125	135	145
Brown	600	3	11	18	25	35	45	400	12	17	35.5	45.5	51.5	55	62	-	-	-	-
Brown	600	12.5	29	36.5	85	175	25	400	14.5	27.5	37	21.5	31	35.5	400	16	21	24	24
CBA & BHS	700	55.5	72	84	11	20.5	25	400	55	61	65	75	85	95	105	115	125	135	145
CBA & BHS	750	20	42	55	25	35	45	400	12	17	35.5	45.5	51.5	55	62	-	-	-	-
CBA & BHS	750	31	42	11	26	-	-	400	14.5	27.5	37	21.5	31	35.5	400	16	21	24	24
CBA & BHS	750	72	18	40	54	-	-	400	16.5	27	37	21.5	31	35.5	400	17	21	24	24
CBA & BHS	800	45	67.5	94	12.5	-	-	400	18.5	27	37	21.5	31	35.5	400	19	21	24	24
CBA & BHS	800	40	45	67.5	94	12.5	-	400	20.5	27	37	21.5	31	35.5	400	21	21	24	24
CBA & BHS	800	60	85	105	125	145	-	400	22.5	27	37	21.5	31	35.5	400	23	23	24	24
CBA & BHS	800	72	22	35	55	85	-	400	24.5	27	37	21.5	31	35.5	400	25	25	24	24
CBA & BHS	800	12.5	29	36.5	85	175	-	400	26.5	27	37	21.5	31	35.5	400	27	27	24	24
CBA & BHS	800	14.5	27.5	31.5	61	145	-	400	28.5	27	37	21.5	31	35.5	400	29	29	24	24
CBA & BHS	800	16.5	27	31	61	145	-	400	30.5	27	37	21.5	31	35.5	400	31	29	24	24
CBA & BHS	800	18.5	27	31	61	145	-	400	32.5	27	37	21.5	31	35.5	400	33	29	24	24
CBA & BHS	800	20.5	27	31	61	145	-	400	34.5	27	37	21.5	31	35.5	400	35	29	24	24
CBA & BHS	800	22.5	27	31	61	145	-	400	36.5	27	37	21.5	31	35.5	400	37	29	24	24
CBA & BHS	800	24.5	27	31	61	145	-	400	38.5	27	37	21.5	31	35.5	400	39	29	24	24
CBA & BHS	800	26.5	27	31	61	145	-	400	40.5	27	37	21.5	31	35.5	400	41	29	24	24
CBA & BHS	800	28.5	27	31	61	145	-	400	42.5	27	37	21.5	31	35.5	400	43	29	24	24
CBA & BHS	800	30.5	27	31	61	145	-	400	44.5	27	37	21.5	31	35.5	400	45	29	24	24
CBA & BHS	800	32.5	27	31	61	145	-	400	46.5	27	37	21.5	31	35.5	400	47	29	24	24
CBA & BHS	800	34.5	27	31	61	145	-	400	48.5	27	37	21.5	31	35.5	400	49	29	24	24
CBA & BHS	800	36.5	27	31	61	145	-	400	50.5	27	37	21.5	31	35.5	400	51	29	24	24
CBA & BHS	800	38.5	27	31	61	145	-	400	52.5	27	37	21.5	31	35.5	400	53	29	24	24
CBA & BHS	800	40.5	27	31	61	145	-	400	54.5	27	37	21.5	31	35.5	400	55	29	24	24
CBA & BHS	800	42.5	27	31	61	145	-	400	56.5	27	37	21.5	31	35.5	400	57	29	24	24
CBA & BHS	800	44.5	27	31	61	145	-	400	58.5	27	37	21.5	31	35.5	400	59	29	24	24
CBA & BHS	800	46.5	27	31	61	145	-	400	60.5	27	37	21.5	31	35.5	400	61	29	24	24
CBA & BHS	800	48.5	27	31	61	145	-	400	62.5	27	37	21.5	31	35.5	400	63	29	24	24
CBA & BHS	800	50.5																	

## INTERNATIONAL COMPANIES AND FINANCE

# Raid on Miramar shares may herald takeover war

By Simon Holberton  
in Hong Kong

A TAKEOVER battle for Miramar Hotel and Investment between some of Hong Kong's biggest property market participants appeared likely last night when Henderson Investment told the Hong Kong stock exchange it had acquired an interest in the company.

Henderson's raid on Miramar came as Mr Li Ka-shing's Cheung Kong and Citic Pacific, Beijing's stock market listed vehicle in the colony, raised the value of their offer for the company by HK\$550m to HK\$9.25bn (US\$1.9bn) in an attempt to placate a disgruntled Miramar board.

Miramar is seen by property analysts in Hong Kong as

being one of the best companies with access to the colony's tightly held property market.

The company has extensive land holdings on the Kowloon peninsula which are seen by analysts as ideal for redevelopment.

It owns the 500-room Miramar Hotel in Tsimshatsui, Kowloon's main tourist district, as well as 900 sq ft of office space. Analysts believe either or both properties could be redeveloped to increase lettable space and to tap the growing market for strata titled (joint ownership) office space.

It was unclear last night how much of Miramar Henderson Investment had acquired. Talk in Hong Kong's stock market put the interest above 30 per cent. If so, this would indicate

that Miramar's two substantial shareholders had accepted Henderson's offer.

Cheung Kong and Citic Pacific were forced to raise their offer for Miramar shares by HK\$1 to HK\$16.5 a share, and by HK\$1 to HK\$50 for the company's warrants.

The two came under pressure to raise their bid - which was announced on June 10 - after a senior executive of Miramar rejected the offer claiming it was "unfriendly" and asserted the company was worth HK\$20 a share.

Additionally, the company's share price has consistently traded above the offer price. Miramar, which was suspended from trading yesterday, was suspended from trading yesterday while Mr Sculley remained chairman.

Apple announced yesterday that Mr Michael Spindler, formerly president and chief operating officer, will become chief executive while Mr Sculley will remain chairman.

The announcement follows widespread speculation that Mr Sculley might be planning to leave Apple after 10 years with the company. Earlier this year, Mr Sculley was considered for the post of chairman and chief executive of IBM, but IBM rejected his proposal to merge parts of IBM with Apple and sell off other portions of IBM.

Mr Sculley is also interested in starting his own high-tech company. "That is a dream that I have for the future, but right now there is nothing else that I would rather be doing than building new business opportunities for Apple," Mr Sculley said. "I remain fully committed to Apple."

"My personal interests have long been in defining the opportunities and technologies for Apple in the convergence of computing, communications and content," Mr Sculley said. "There is so much to be done here, and now I will be able to concentrate fully on these activities, while Michael runs the company."

Mr Sculley has been grooming Mr Spindler as his successor for the past two years. Mr Spindler was appointed Apple president and chief operating officer in 1986 in charge of Apple's day-to-day operations. A year later he joined the board of directors.

Mr Spindler has long played a central role in Apple's corporate strategy and is credited by close associates with having been the "management strength behind Sculley's vision". In his new role as chief executive, however, Mr Spindler will be thrust into the public eye far more than in the past.

The smooth management transition at Apple is in sharp contrast to the drama surrounding Mr Sculley's appointment as chairman in 1986 when Apple co-founder Mr Steve Jobs was ousted in a boardroom coup.

## Sculley refines role at Apple

By Louise Kehoe  
in San Francisco

MR John Sculley, chairman and chief executive of Apple Computer and one of the most widely known executives in the computer industry, will stand down as chief executive to focus on new business opportunities for the personal computer company.

Apple announced yesterday that Mr Michael Spindler, formerly president and chief operating officer, will become chief executive while Mr Sculley will remain chairman.

The key issue for Renault and its state owner is whether

# Rapid Renault-Volvo merger urged

By David Buchan in Paris

A RAPID merger between Renault and Volvo is "indispensable" for the development and privatisation of the French car company, Mr Gérard Longuet, France's industry minister, said yesterday.

But the two companies, which have had cross shareholdings in each other since 1991, and the French state, which owns 80 per cent of Renault, are still deep in negotiations over the balance of power between French and Swedish interests. A conclusion to these negotiations is unlikely before next month.

The key issue for Renault and

and in what proportion French institutional investors might be brought in as a counterweight to Volvo, before the rest of the state's holding in Renault is sold on to the French public, said yesterday.

Last month Renault was put on the Bettelot government's list of 21 companies to be privatised over the next few years.

Renault and Volvo have had significant industrial success in bringing their management, production planning, design and purchasing together since 1990-1991.

The government's general privatisation bill, now before parliament, has advanced the merger discussions, because

the bill would also remove the 25 per cent limit on private shareholdings in Renault. At present, AB Volvo, the Swedish car company's holding group, has 20 per cent of Renault, which in turn has 8 per cent of AB Volvo, and both companies hold sizeable stakes in each other's individual car and truck operations.

Passage of the privatisation bill, expected in mid-July, would not only allow Volvo to raise its stake in Renault, but also permit some big French investors to enter into its capital.

The French privatisation practice has been to arrange *nouvelles durs*, or groups of theoretically long term share hold-

ers, before floating the rest of state companies off-on the stock market.

Volvo said yesterday it had been aware for some time that the French government was considering some kind of golden share or core group of investors in Renault after privatisation. It added: "We can not comment on the issue of changes in ownership at Renault."

Mr Longuet also yesterday expressed his impatience with another privatisation candidate Group Bull. He said the state-controlled computer company had still not produced a "tough enough" business plan to show it could do without recurrent French state aid.

## New system for Nordic securities

By Mary Barnes  
in Copenhagen

THE stock exchanges of Sweden, Norway, Denmark and Finland have agreed to establish Nordquote, a common Nordic securities trading system.

By bringing the four, relatively small stock markets together, the Nordic exchanges hope that it will make their markets more attractive and stop the tendency for trading volume to drift away to London, said Mr Bent Mehus, managing director of the Copenhagen Stock Exchange.

Initially, Nordquote will include about 30 shares, but Mr Mehus said he expected that as the system develops around 100 Nordic blue-chip shares in which there is a significant international interest will be traded through the system.

Mr Mehus said that as far as he knew this was the first time that the stock exchanges of different countries had agreed to establish a joint trading system, an aim which has so far eluded other European stock exchanges.

Nordquote will be open only to Nordic brokers. It means that an outside investor will only have to contact one Nordic broker in order to trade in the shares of any one of the four countries.

### Correction

#### MCI Communications

MCI Communications' net income in 1992 was \$65m, up from \$55m in 1991. These figures were wrongly described as pre-tax profits in Thursday's edition.

## Litton Industries spins off arm

By Martin Dickson  
in New York

LITTON Industries yesterday joined the trend for US companies to spin-off large subsidiaries as separately quoted businesses when it announced plans to establish a commercial company independent from its defence and aerospace operations.

The move was warmly welcomed on Wall Street, where Litton's stock rose more than 13 per cent in morning trading on the New York Stock Exchange, to stand at \$84.4, up 87% at lunchtime.

Litton said the new company would include its oilfield information services and industrial

automation businesses and would have annual revenues of around \$2bn.

Shares in the new company would be distributed to holders of Litton's common stock and the deal should be completed before the end of 1993.

Analysts said the commercial company, whose subsidiaries have strong positions in their respective markets, would enjoy a stock market rating much superior to that of the group as a whole.

The move is somewhat unusual for a defence company, since most businesses in this sector, faced with declining Pentagon spending, have been seeking to diversify into commercial operations to bolster

profits. Another exception to this trend is General Dynamics, which has aggressively sold off commercial businesses to concentrate on its core defence operations.

Mr Alton Brann, Litton chief executive, said growing commercial markets and the consolidating defence industry demand different corporate strategies. By responding to each separately, "both our businesses will benefit, as should our shareholders".

Some 60 per cent of the new company's revenues will come from oil services, where its Western Atlas business is a top supplier of seismic, well logging and reservoir information.

Over the past six months, affected by recession and the closure of two glass plants last autumn, fell 8 per cent to DM691m, he said.

## Gerresheimer issues operating loss warning

By Helga Simonian  
in Milan

GERRESHEIMER, the German glass manufacturer, is heading for an operating loss this year after a "sharp negative" result in the first half, Mr Günther Berger, chairman, said yesterday, writes Christopher Parker.

The company, which cut its 1992 dividend to DM5 from DM11 the year before after net earnings fell two thirds to DM31m (S19m), has closed two works so far this year. Provisions had already been made to cover the costs of a further closure planned for later this year, Mr Berger told the annual meeting.

Turnover in the first six months, affected by recession and the closure of two glass plants last autumn, fell 8 per cent to DM691m, he said.

## New managing director at Monte dei Paschi di Siena

By Helga Simonian

in Milan

MONTE dei Paschi di Siena, the oldest bank in the world and once a byword for conservative lending and low profile, has appointed a new managing director, a month after four executives were implicated in corruption allegations.

The election of Mr Vincenzo Pernarola, a long-standing manager, marks the latest step in a drama which has shaken Siena and cast new doubts on the cosy relationships between bank executives, the town council and the wider world of Tuscan finance.

Matters changed when police arrested members of the bank board on corruption charges last month. The detentions were soon followed by warnings to Mr Carlo Zini, chief executive, that he, too, was under investigation.

Mr Zini announced his readiness to step down earlier this month. As his successor has to be chosen by the Italian treasury - headed, ironically, by the bank's former chairman, Mr Piero Barucci - the sense of expectation rose pending an announcement.

Last week, the government committee responsible passed the buck to Siena

and the wider world of Tuscan finance.

Monte dei Paschi has an unusually close relationship with its home town, based on the fact that it is indirectly controlled by the city and deeply rooted in urban tradition.

The smooth management transition at Apple is in sharp contrast to the drama surrounding Mr Sculley's appointment as chairman in 1986 when Apple co-founder Mr Steve Jobs was ousted in a boardroom coup.

## WORLD COMMODITIES PRICES

By Christopher Parkes in Frankfurt

EASTERN Germany's fragile industrial base suffered a telling blow yesterday when Kugelfischer, the bearings group, put its crippled Leipzig-based subsidiary into liquidation.

Deutsche Kugellagerfuerst Leipzig, which employs more than 2,000 people in four factories, had failed to obtain further public or private backing, and was unable to meet its obligations, the management said.

The Treuhand privatisation agency which sold the east German company to Kugelfischer three years ago, said it

was the worst corporate collapse in its experience, although other privatised companies were in difficulties.

Kugelfischer had offered to give DKFL back to the agency, but there was no contractual or legal basis for its return, the Treuhand said.

Kugelfischer, which supplies

bearings to most of German industry, lost DM485m (\$63m) last year, while the deficit within the German parent concern soared to DM630m after a DM4m net profit in 1991.

A restructuring plan launched at the start of this year originally proposed the elimination of 5,000 of the group's 23,000 jobs and the sale of non-core businesses

employing a further 6,500.

Following the appointment of Mr Kajo Neukirchen, a company consultant, Kugelfischer took an even tougher line on costs and overheads, planning to close or sell more than half its complement of 17 factories, affecting 7,500 employees.

Kugelfischer said last month that there was no solution in sight for DKFL, formerly one of the biggest bearing makers in the eastern bloc. In 1991, the last year for which full figures are available, it lost DM142m on sales of DM113m. In 1992, losses were about DM500m.

Kugelfischer was one of the first of Germany's industrial companies to feel the effects of international recession.

## Chicago

SOYABEANS 5,000 bu min/cent/bushel

Close Previous High/Low

Oilseed 5,000 bu min/cent/bushel

Close Previous High/Low

SOYABEAN CR 50,000 lbs min/cent/bushel

Close Previous High/Low

SOYABEAN MEAL 100 tons/lb min/cent/bushel

Close Previous High/Low

SOYABEAN MEAL 500 bu min/cent/bushel

Close Previous High/Low







## FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 673 4378 for more details.

## AUTHORISED UNIT TRUSTS

- FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

## **FT MANAGED FUNDS SERVICE**

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4576 for more details.

OFFSHORE INSURANCES															
<b>Providence Life Assurance Ltd</b>															
Prudential Way, Basingstoke RG22 2SD															
Global Range (Paragon)															
Dependency Fund															
167.5 - 0.21															
<b>Prudential Worldwide Life</b>															
101 High St, London EC2A 3JL															
Managed Off.															
187.9 - 0.21															
<b>Prudential Worldwide Life</b>															
101 High St, London EC2A 3JL															
Managed Off.															
187.9 - 0.21															
<b>Prudential Worldwide Life</b>															
101 High St, London EC2A 3JL															
Managed Off.															
187.9 - 0.21															
<b>Prudential Worldwide Life</b>															
101 High St, London EC2A 3JL															
Managed Off.															
187.9 - 0.21															
<b>Prudential Assurance Co</b>															
100 Finsbury Circus, London EC2M 7AS															
Managed Off.															
187.9 - 0.21															
<b>Prudential Assurance Co</b>															
100 Finsbury Circus, London EC2M 7AS															
Managed Off.															
187.9 - 0.21															
<b>Scottish Amicable</b>															
150 St Vincent St, Glasgow G1 1SR															
Managed Off.															
187.9 - 0.21															
<b>Scotiabank Group</b>															
150 St Vincent St, Glasgow G1 1SR															
Managed Off.															
187.9 - 0.21															
<b>AXA Equity &amp; Law Offs</b>															
100 Finsbury Circus, London EC2M 7AS															
Managed Off.															
187.9 - 0.21															
<b>AXA Equity &amp; Law Offs</b>															
100 Finsbury Circus, London EC2M 7AS															
Managed Off.															
187.9 - 0.21															
<b>AXA Equity &amp; Law Offs</b>															
100 Finsbury Circus, London EC2M 7AS															
Managed Off.															
187.9 - 0.21															
<b>AXA Equity &amp; Law Offs</b>															
100 Finsbury Circus, London EC2M 7AS															

## **FT MANAGED FUNDS SERVICE**

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4570 for more details.



## WORLD STOCK MARKETS

## AMERICA

**Selling pressure moves to drug stocks**

## Wall Street

A SELL-OFF in drug stocks left Wall Street in the doldrums yesterday morning, with volume boosted by the afternoon's triple-witching expiration of options and futures on stock indices, writes Karen Zagor in New York.

At 12.30 pm, the Dow Jones Industrial Average was off 6.38 at 3,515.53. The more broadly based Standard & Poor's 500 was down 2.16 at 446.38, while the Ameri composite was 0.18 lower at 437.21, and the Nasdaq composite fell 2.84 to 693.10. Triple-witching trading swelled volume on the NYSE, with

more than 120m shares changing hands by 11 am. Declines outnumbered rises by 367 to 731.

Investor confidence in drug stocks was shaken by a number of ratings downgrades yesterday morning. Kidder Peabody cut its investment rating on Merck, Pfizer and Bristol-Myers Squibb, and the respective stocks dropped \$1.15 to \$37.75, \$1.25 to \$73, and \$1 to \$60. Shares in Johnson & Johnson, which was down graded by Harris Upman, fell \$2.24 to \$43.5.

Litton Industries shares sold \$7.75 to \$64.5 in very heavy trading after the company said that it would establish

an independent commercial company which will include Litton's oil field information services and industrial automation units. Litton Industries will remain an aerospace and defense company. The tax-free transaction is expected to be completed by the end of this year.

Airline stocks turned higher after taking a beating earlier this week. AMR, parent of American Airlines, rose \$1.10 to \$37.75, \$1.25 to \$73, and \$1 to \$60. Shares in Johnson & Johnson, which was down graded by Harris Upman, fell \$2.24 to \$43.5.

Litton Industries shares sold \$7.75 to \$64.5 in very heavy trading after the company said that it would establish

regained 8% to 16%. Delta edged \$1 higher to \$46.5 and UAL, parent of United, firms \$2.24 to \$24.2. The sector's improvement contributed to gains in the Dow Jones Transportation Average, which was up 3.75 to 1,495.30 at 12.30 pm.

On the Nasdaq market, technology issues moved broadly lower with Microsoft down \$1.15 to \$39.5, Apple Computer off \$2.24 after dropping \$4.5 a day earlier when the company said that its second quarter earnings would be significantly below analysts' expectations.

USAir, which issued its own profits warning on Wednesday,

## Canada

TORONTO recovered from opening weakness to level out at midday, the TSX-300 composite index trading 0.11 higher at 3,904.12 in turnover of 37.36m shares valued at C\$65.22m.

A recovery in oil, gas and gold prices helped the market rebound from opening weakness and dealers noted interest activity in Talsmann Energy, C\$4.5 higher at C\$30.4 after a new 1993 high of C\$30.4. Volume here was 12.39m shares after ScotiaMcLeod crossed two blocks totalling nearly 1m shares in morning trade.

**Dublin digests gains on punt's devaluation**

Forecasts are being upgraded, writes Tim Coone

**H**aving gulped down the government's remaining stakes in Greencore and Irish Life over the past two months, the Irish market is busily digesting those stocks, and consolidating its 30 per cent gain in the year to date.

Mortgage rates are now hitting historic lows in the Republic, and interest rates generally are expected to fall by a further percentage point or two by the end of the year, causing most market analysts in Dublin to make further revisions to their forecasts.

Mr Robbie Kelleher, head of research at Davy stockbrokers, says: "We are strategically very bullish and dropping our short-term caveats. We have upgraded earnings estimates for this year and next, and my instinct for the first time in several years is that we now have them too low rather than too high."

Among other multinationals, Unilever gained F1.10 to F1.10 on Friday.

STOCKHOLM fell back in spite of a 1.6 per cent gain in Ericsson, up SKr5 to SKr131, after winning further new orders. The Affarsvärlden general index lost 3.00 to 1,078.50.

ISTANBUL leapt by 5.4 per cent to its seventh record close of the month, cash continuing to flow into the market on political and economic optimism, as well as bright six-month profit expectations.

The market index closed 528.83 higher at a provisional 10,460.80, up 18.4 per cent on the week on hopes that Mrs Tansu Ciller, the prime minister, will pursue low interest rate policies, speed up privatisation and give more incentives to stock trading through equity-based mutual funds.

**SOUTH AFRICA**

GOLD made further gains as the price of bullion held steady. The gold index added 28 to 1,633, a week's gain of 2.6 per cent. Industrials eased 7 to 4,656 and the overall index rose 4 to 3,982. De Beers lost 85 cents to R77.50.

"The interest rate falls still have to filter through to the individual saver, but by the second half of the year mutual and unit-linked products will again begin to look attractive alternatives to cash deposits."

With more liquidity in the market and a benign outlook for strong earnings growth, upturns in the US and UK markets, where a number of the Irish companies have significant business, and the continuing downward pressure on interest rates, he is also pre-

dicting a substantial upside for Irish stocks. "Interest rate-sensitive stocks, such as the banks and CRH, should continue to perform well, while the food companies are also coming into favour."

Jefferson Smurfit, which has been the one big disappointment in the market this year, lagging behind the other indus-

market this year from non-Irish institutions, allowing domestic institutions to meet encashment commitments without drying up liquidity.

Traditionally around 80 per cent of Irish stocks have been held by Irish institutions and, although that balance will not have been significantly altered by the recent surge in foreign interest - total market capitalisation is some E10.5bn - "it is, nonetheless, a healthy development", says Mr Conway.

The progressive lifting of exchange controls over the past couple of years - they were lifted in their entirety last January - had been identified by analysts as a serious technical problem for the market, as Irish institutions began to rebalance their portfolios by shifting a large proportion of their funds into overseas equities and gilts. That concern now appears largely to have passed.

Meanwhile, a further source of liquidity is in the pipeline in the form of a proposed tax amnesty, which, it is hoped, will result in a substantial repatriation of previously undeclared funds held overseas, estimated at E12bn. Most analysts believe that around E100m could be repatriated, of which about a half is likely to be invested in equities and property. The government wants to have the amnesty completed by the autumn.

**Ireland**

Indices released

Source: Datastream

trials, and which has a significant weighting in the ISEQ index, should also firm up, he says, as "institutions will be reluctant to go any further underweight".

Mr Dan McLaughlin, chief economist at Rialta stockbrokers, points out that there has been a 27 per cent growth in money supply in the republic over the past year, "so there is now a lot of liquidity in the system".

This should have the dual effect of boosting consumer spending, improving the earnings prospects of companies trading in the domestic market, and, as interest rates fall, encouraging greater investment in equities.

This should reverse the 1992 trend which saw funds move into cash, and which proved to be a big technical problem for Irish stocks last year. "Cash is beginning to look uncompetitive," says Mr McLaughlin.

He notes that foreign investment in the market has been the main catalyst for the growth this year, and he estimates that between E150-400m (\$350-\$670m) has come into the market last year, down from some E1700m a year in the late 1980s.

The coalition government has no plans for further privatisations following the sell-off of its remaining stakes in Greencore and Irish Life, and the only big newcomer envisaged for the market is the Irish Permanent Building Society; but that flotation is not now expected until 1994.

**ASIA PACIFIC**

## Europe

**Promise of lower interest rates helps bourses**

THE PROMISE of lower interest rates, and higher bond markets had varied effects on the Continent yesterday, writes Our Markets Staff.

MADRID closed sharply higher, boosted by the Bank of Spain's cut in its daily rate on liquidity injections to the market. The general index rose 3.73 to 264.77, up 2.7 per cent on the week.

The Bank of Spain's move to cut its average daily rate by 22 basis points to 11.52 per cent was seen as clearing the way for a cut in its official benchmark rate of 11.25 per cent.

Mr Stephen Hughes at Kleinwort Benson added that there was a political angle, in that discussions between Mr Felipe Gonzalez, the victorious Socialist prime minister, and the CIU, the Catalan nationalist party, seemed to hold out the prospect of stable government.

Interest rate-sensitive stocks moved, with gains in banks and most utilities. Big blue chips reflected the more general bullishness, with Repsol Pta70 higher at Pta3.36 and Telefónica up Pta4.55.

FRANKFURT saw a huge increase in turnover as DAX options expired, but little share price volatility as the DAX index closed 5.39 lower at 1,886.90, a fraction higher on the week.

Turnover virtually trebled to DM15.4tn with Allianz, Sie-

mens, Daimler and Deutsche Bank accounting for over DM65m between them.

Credit Local de France featured with a FF40 rise to DM214 on a first-half loss, and widening losses at Techneocell, the technical paper group, took its shares down DM30 to DM275.50.

Among second and third liners, Viatig's Gerresheimer Glas subsidiary fell DM4.50 to DM214 on a first-half loss, and widening losses at Techneocell, the technical paper group, took its shares down DM30 to DM275.50.

PARIS built on Thursday's gains, helped by a stronger bond market, and expectations of a further 25 basis point cut in interest rates on Monday. The CAC-40 index settled up 1.80 to 1,910.28, slightly lower on the week. Turnover was put at FF2.5bn.

Investors continued to react to profit warnings from Dassault and St Gobain and the shares slipped respectively by FF2.00 and FF1.50 to FF12.10 and FF1.50.

LMVH advanced FF13 to FF13.75 following a presentation in London on Thursday

an analyst with James Capel in London, commented that while, in the short term, the privatisation of Credito would probably be held up, he did not see the process as a whole getting way until some time in 1994. This was because of the continuing political uncertainty - elections may be held in the autumn - and the packed legislative programme, he said.

Ferruzzi gained Ls8.70 or 16 per cent to Ls65.50, a loss of 12 per cent on the week and Montedison improved Ls8 to Ls9.80, 3.7 per cent lower on the week. Turnover was put at FF2.5bn.

There have been suggestions that the restructuring of Ferruzzi might lead to a delay in the privatisation schedule, particularly as Credito Italiano and BCI - two of the Ferruzzi creditor banks - are among leading candidates for flotation.

However, Mr William Cowan, an analyst with James Capel in London, commented that while, in the short term, the privatisation of Credito would probably be held up, he did not see the process as a whole getting way until some time in 1994. This was because of the continuing political uncertainty - elections may be held in the autumn - and the packed legislative programme, he said.

Among the banks, BCI put on Ls3 to Ls143 and Credito Ls2 to Ls70; Mediobanca rose Ls640 to Ls15,840, then to Ls16,200 on the kerb.

AMSTERDAM was given a boost by the strength of the dollar. The expiry of June options and futures had little negative impact. The CBS tendency index closed 0.3 higher

## Asia Pacific

**Tokyo weaker ahead of no confidence vote**

## Tokyo

MOUNTING uncertainty over the political situation pushed investors on to the sidelines, and the Nikkei average posted moderate losses on the growing likelihood that Mr Kiichi Miyazawa, the prime minister, would dissolve the lower house for a general election, writes Emiko Terazono in Tokyo.

The index lost 120.97 to 15,804.54 after volatile moves between a high of 15,913.95 at the opening and a low of 15,876.15 in the afternoon. A sharp fall in the futures contract in Singapore triggered arbitrage unwinding, while public funds and investment trusts supported share prices above the 15,600 level.

Volume fell to a three-month low of 250m shares against 313m. Declines led advances by 605 to 337 with 164 unchanged, and the Topix index of all first-section stocks fell for the fifth consecutive day, losing 6.27 to 1,587.32. In London, the ISE/Nikkei 50 index fell 1.35 to 1,202.53.

The yen continued to weaken on political fears. The dollar closed Y1.40 higher at Y170.40 and prompted profit-taking which pared gains after Britain and China agreed on the franchise for the projected airport's West Harbour Crossing tunnel project.

The Hanseng index closed 16.65 higher at 7,200.75, 0.9 per cent down on the week, after an early fall of some 85 points, and an afternoon gain of 45 points. Turnover rose to HK\$4.8bn.

Banks were lower on Topix-linked arbitrage selling. Industrial Bank of Japan fell Y30 to Y2,890 and Sakura Bank fell Y40 to Y1,560.

Heavy electricals lost ground with Hitachi down Y12 to Y2,827, but consumer electronics groups were firmer with Sony up Y50 to Y4,880.

In Osaka, the OSE average posted its fifth straight fall, declining 34.97 to 21,964.03 in volume of 16.4m shares.

## Roundup

POLITICAL initiatives, bargain hunting and a buying spree in

Bangkok combined to give the region a positive bias.

HONG KONG saw late profit-taking which pared gains after Britain and China agreed on the franchise for the projected airport's West Harbour Crossing tunnel project.

The Hanseng index closed 16.65 higher at 7,200.75, 0.9 per cent down on the week, after an early fall of some 85 points, and an afternoon gain of 45 points. Turnover rose to HK\$4.8bn.

The mining sector was strong, while Manila Electric's B shares improved 2 pesos to 207 pesos.

KUALA LUMPUR recovered some of the week's losses on bargain hunting, the composite index rising 14.79 to 733.25, down 1.5 per cent on the week.

Volume was 342.2m shares against Thursday's 299.8m.

Granite Industries put on MSL1.00 to MSL1.75 on rumours that it had won a timber concession in China.

BOMBAY closed slightly lower after a sudden reversal in the last 20 minutes of trade on reports that India's main opposition party was pushing hard for the resignation of the prime minister, Mr PV Narasimha Rao, after allegations by the stockbroker involved in a \$1.26bn securities scandal. The BSE index lost 19.43 to 2,214.55.

MANILA was lifted by government assurances that the country's severe power crisis

will ease by December and the composite index rose 1.56 to 1,577.85, barely changed on the week.

The mining sector was strong, while Manila Electric's B shares improved 2 pesos to 207 pesos.

KUALA LUMPUR recovered some of the week's losses on bargain hunting, the composite index rising 14.79 to 733.25, down 1.5 per cent on the week.

Volume was 342.2m shares against Thursday's 299.8m.

Granite Industries put on MSL1.00 to MSL1.75 on rumours that it had won a timber concession in China.

BOMBAY closed slightly lower after a sudden reversal in the last 20 minutes of trade on reports that India's main opposition party was pushing hard for the resignation of the prime minister, Mr PV Narasimha Rao, after allegations by the stockbroker involved in a \$1.26bn securities scandal. The BSE index lost 19.43 to 2,214.55.

MANILA was lifted by government assurances that the country's severe power crisis

will ease by December and the composite index rose 1.56 to 1,577.85, barely changed on the week.

The mining sector was strong, while Manila Electric's B shares improved 2 pesos to 207 pesos.

KUALA LUMPUR recovered some of the week's losses on bargain hunting, the composite index rising 14.79 to 733.25, down 1.5 per cent on the week.

Volume was 342.2m shares against Thursday's 299.8m.

Granite Industries put on MSL1.00 to MSL1.75 on rumours that it had won a timber concession in China.

BOMBAY closed slightly lower after a sudden reversal in the last 20 minutes of trade on reports that India's main opposition party was pushing hard for the resignation of the prime minister, Mr PV Narasimha Rao, after allegations by the stockbroker involved in a \$1.26bn securities scandal. The BSE index lost 19.43 to 2,214.55.





Weekend June 19/June 20 1993

Smith hits at 'scandal' of Tory party financing

## Nadir challenged to substantiate 'smears'

By Philip Stephens  
Political Editor

THE GOVERNMENT yesterday challenged the fugitive businessman Mr Asil Nadir to substantiate his allegations about the role of ministers and the Conservative party in the demise of Polly Peck International.

In a move strongly endorsed by Mr John Major's office, Mr Michael Heseltine, trade and industry secretary, said that Mr Nadir should either end the "smears" or back them up.

Issuing a direct message to Mr Nadir, he said: "Don't let's get involved in allegations. Publish it. Stop smears. Publish what you believe to be evidence."

Amid a swirl of speculation at Westminster about the possible links of past or present ministers with Mr Nadir there was private acknowledgement that the constant flow of allegations was damaging the government.

## Bottomley orders scrutiny of health service ethical rules

By Alan Pike, Social Affairs Correspondent

ETHICAL RULES at the top of Britain's National Health Service, Europe's largest civilian employer, are to be fundamentally re-examined.

The move, announced yesterday by Mrs Virginia Bottomley, health secretary, is a response to financial scandals and concern over the adequacy of non-executive directors' powers.

Addressing the National Association of Health Authorities and Trusts conference at Bournemouth, southern England, Mrs Bottomley said a task force would be set up to " spearhead an urgent review of the current guidance on corporate governance".

Her speech twice noted the importance of placing "strong emphasis on the traditional public-service values of openness, probity and accountability".

The immediate catalyst for action - referred to only obliquely by Mrs Bottomley - is a series of severely critical reports by district auditors, pointing to waste of at least £10m in the West Midlands regional health authority and £30m in

One government minister suggested a thorough overhaul by Conservative Central Office of its fundraising procedures to tighten the rules on acceptance of company donations and to ensure greater transparency in the party's accounts.

He said: "Accepting the money from Nadir was an understandable mistake given his good reputation at the time. But some of the mud is bound to stick. We should not allow it to happen again." The party has refused to repay the £400,000 donated during the 1980s by Mr Nadir's companies.

Ministers also criticised the role of the media in publishing unsubstantiated allegations made by a fugitive from the British courts.

Mr John Smith, the Labour leader, sought to step up the pressure on the government by calling on Mr Major to intervene directly in the "scandal" of Tory

party financing. Mr Smith said the prime minister was legally responsible for the Conservative Party Organisation.

At the same time, as head of the government, it was his responsibility to close loopholes in the Companies Act which had allowed the Tory party to make loans rather than gifts and thus avoid the existing disclosure rules.

Mr Smith said that the practice - proposed but then quickly abandoned by the Conservatives last year - was a "disgrace".

Senior Tory officials flatly rejected the notion that the party should be responsible for complicity by corporate donors with the legal requirement on companies to include political donations in published accounts.

The officials also insisted that the privacy provided for personal contributors was essential to protect individual privacy.

## Lawson attacks any shift to 'go for growth' policy

By Barry Riley

TWO ERNSTWHILE adversaries of the Thatcher era found common cause yesterday, advising Mr Kenneth Clarke, the new chancellor, on how to shape his policies.

Lord Lawson and Sir Alan Walters, who as former chancellor and a key government adviser disagreed openly during the latter years of Mrs (now Lady) Thatcher's term of office, delivered separate warnings over Mr Clarke's future stance at the Treasury.

Lord Lawson denounced any shift towards a "go for growth" policy, pointing out that "a sudden burst of growth can produce anything other than a spurt of inflation".

Meanwhile, Sir Alan launched a typically direct on Mr Clarke. Speaking in a BBC interview, he said Mr Michael Howard or Mr Michael Portillo should have replaced Mr Norman Lamont as chancellor. He added that Mr Clarke would spend public money to avoid political problems.

"I doubt whether he has the sort of spine needed to control the books, in fact whether he has the drive needed to look hard and do what is necessary with public spending," he said.

Lord Lawson, as chancellor, once declared that there had been an economic miracle, and pushed the annual rate of growth to 5.1 per cent in early 1988.

Last week, he was implicitly blamed for Britain's recent economic difficulties by Mr Lamont, who claimed in his resignation speech that the recession of the early 1990s had its origins in the boom of 1988 and 1989.

Lord Lawson, speaking yesterday at a seminar arranged by the investment managers Capital House, said cycles were the normal pattern of economic behaviour. Economies did not move in straight lines. The recent recession had not been particularly unusual or remarkable.

He nevertheless warned of persistent inflationary dangers.

"The dragon of inflation is asleep but is not dead," he said. "It is highly likely to waken up again."

Lord Lawson called for a managed float of sterling: "Nobody who is seriously in touch with the real world can favour free floating," he claimed.

He strongly favoured independence for the Bank of England, which would find it less difficult to conduct an anti-inflationary monetary policy than the government.

The markets will increasingly wonder why governments are insisting on maintaining political control of the currency," he said. "It can only be because they are willing to debase the currency at a politically appropriate moment."

## THE LEX COLUMN

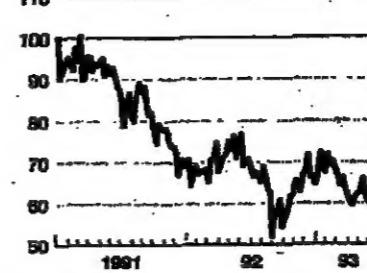
### Irregular regulation

FT-SE Index: 2379.4 (+3.7)

#### Lucas Industries

Share price relative to the FT-SE Mid 250 Index

110



Source: FT Graphics

bles of Mr Kichii Miyazawa prompted the dissolution of the Diet. For a time, at least, the markets will have to live with a degree of uncertainty that extends to the question of whether the Liberal Democratic party can survive intact. That implies renewed strain for the equity market which even official support buying may be unable to offset. The yen also weakened sharply yesterday, though that could be a more transitory response.

The Nikkei has already fallen more than 1,000 points from its 1993 peak on fears that the stronger yen would damp Japan's modest economic recovery prospects.

Palliatives, such as a large discount rate cut or further fiscal stimulation, now seem remote given the political vacuum. The election campaign may produce promises of tax cuts which would boost consumption. Whether the poll will produce a government capable of delivering them quickly is another matter.

Similarly, there seems less chance of a bilateral trade agreement with the US, which might reverse the yen's recent rise. This could thus resume after the initial political shock has worn off. The yen may be saved further upward pressure if the dollar's jump against the D-Mark yesterday means the US currency has found new strength.

Otherwise next month's Tokyo summit could be dominated by spats over the exchange market instead of co-ordinated measures to stretch the yield ratio much beyond 2 times. That might give the equity market more chance of breaking out of the trading range which has prevailed since March. Whether gilts will remain a help remains an open question. The Bank of England has cautioned that inflationary pressures could resurface in the autumn, in which case the gilt market would doubtless demand more of a risk premium for funding the government's borrowing requirement.

In those circumstances, Mr Clarke will need more than political nous to keep the markets on side. The Mansion House speech was predictably vague about the extent to which fiscal tightening might be needed to control borrowing. The odds are that something more will be required of the autumn budget.

Further cuts will be needed, including presumably in the dividend. Yet a full-blooded approach may have to wait for a new chief executive. Unfortunately, that appointment is taking so long that such a hot seat now looks difficult to fill. Lucas's share price has been buoyed this year by hopes of a bid from BT. Its recent sag, however, suggests a recovery stock which has simply failed to recover.

#### Lucas Industries

Lucas's fond hope that its dividend would be covered by earnings this year has surely perished in the continental car market pile-up. The company may justifiably claim that conditions have deteriorated at a rate no-one had predicted. Nevertheless, the UK had been in recession for well over two years before Lucas announced substantial cost reductions last October. It is hard to avoid the impression that Lucas waited for the market to rescue it, only to respond with too little action too late.

Further cuts will be needed, including presumably in the dividend. Yet a full-blooded approach may have to wait for a new chief executive. Unfortunately, that appointment is taking so long that such a hot seat now looks difficult to fill. Lucas's share price has been buoyed this year by hopes of a bid from BT. Its recent sag, however, suggests a recovery stock which has simply failed to recover.

#### UK markets

If the art of politics is timing, Mr Kenneth Clarke's arrival at No 11 Downing Street has been a masterpiece. The new chancellor has been created by a slew of economic data

#### Japan

Of the world's main financial markets, Japan is traditionally the least affected by political uncertainty. That seems to have changed after the trou-



#### BENEFIT FROM ROTHSCHILD'S GLOBAL INVESTMENT SKILLS

### A full range of services for private investors

Rothschild Asset Management is a major investment management organisation with an international network of associated companies. The Rothschild Group manages in excess of £15 billion around the world.

Our international strength enables us to offer a full range of services to private investors which meets a wide range of different investment requirements:

- a full private client service for portfolios in excess of £500,000
- a portfolio management service structured for amounts of £50,000 or more
- a full range of investment funds with minimum investments of £500 or less:

Money Funds offering investment in sterling and 17 other currencies

International Bond Funds providing exposure to sterling,

US dollar and international bonds

Equity Funds - both onshore and offshore - providing investment in the world's main stockmarkets.

If you think that Rothschild Asset Management might be an appropriate manager for your investments, please call us on 0800 124 314 or write to us at

Rothschild Asset Management Limited

Five Arrows House, St. Swithin's Lane, London EC4N 8NR

Issued by Rothschild Asset Management Limited, a member of IMRO and LAUTRO.

APT201

LONDON · PARIS · ZURICH · NEW YORK · HONG KONG · TOKYO · SYDNEY

© The Financial Times Ltd. 1993

## Miners at reprieved pit vote for closure

Continued from Page 1

demand an explanation from the government on Monday as to why it had misled the Commons by claiming it had saved 12 pits.

The reprieve of the 12 followed a public outcry over plans to close three-fifths of Britain's

mines. With the market for coal contracting, few are expected to have a long-term future.

Mr Cook said the energy market had been rigged against coal and urged Tory MPs to resist the new closures. Mr Michael Heseltine, trade and industry secretary, said Labour wanted the

government to destroy jobs in the rest of industry "to try to maintain jobs in the coal industry, which cannot sell its product".

Meanwhile, British Coal said it had received about 100 expressions of interest in the first four of 20 pits it is offering to the private sector.

The task force, to be headed by Sir Duncan Nichol, NHS chief executive, will concentrate on four areas - the role of non-executive directors in finance and audit; reinforcement of the health services' public-service values; better induction and training for board members; and matching the role and functions of non-executive directors with their part-time status. Any changes arising from the investigation will start coming into force, it is expected, by the end of the year.

Mr Andrew Foster, controller of the Audit Commission, who also addressed the conference, said he suspected that fraud and corruption in the NHS was much less widespread than a few serious cases might suggest.

The task force, to be headed by Sir Duncan Nichol, NHS chief executive, will concentrate on four areas - the role of non-executive directors in finance and audit; reinforcement of the health services' public-service values; better induction and training for board members; and matching the role and functions of non-executive directors with their part-time status. Any changes arising from the investigation will start coming into force, it is expected, by the end of the year.

Mr Andrew Foster, controller of the Audit Commission, who also addressed the conference, said he suspected that fraud and corruption in the NHS was much less widespread than a few serious cases might suggest.

The task force, to be headed by Sir Duncan Nichol, NHS chief executive, will concentrate on four areas - the role of non-executive directors in finance and audit; reinforcement of the health services' public-service values; better induction and training for board members; and matching the role and functions of non-executive directors with their part-time status. Any changes arising from the investigation will start coming into force, it is expected, by the end of the year.

Mr Andrew Foster, controller of the Audit Commission, who also addressed the conference, said he suspected that fraud and corruption in the NHS was much less widespread than a few serious cases might suggest.

The task force, to be headed by Sir Duncan Nichol, NHS chief executive, will concentrate on four areas - the role of non-executive directors in finance and audit; reinforcement of the health services' public-service values; better induction and training for board members; and matching the role and functions of non-executive directors with their part-time status. Any changes arising from the investigation will start coming into force, it is expected, by the end of the year.

Mr Andrew Foster, controller of the Audit Commission, who also addressed the conference, said he suspected that fraud and corruption in the NHS was much less widespread than a few serious cases might suggest.

The task force, to be headed by Sir Duncan Nichol, NHS chief executive, will concentrate on four areas - the role of non-executive directors in finance and audit; reinforcement of the health services' public-service values; better induction and training for board members; and matching the role and functions of non-executive directors with their part-time status. Any changes arising from the investigation will start coming into force, it is expected, by the end of the year.

Mr Andrew Foster, controller of the Audit Commission, who also addressed the conference, said he suspected that fraud and corruption in the NHS was much less widespread than a few serious cases might suggest.

The task force, to be headed by Sir Duncan Nichol, NHS chief executive, will concentrate on four areas - the role of non-executive directors in finance and audit; reinforcement of the health services' public-service values; better induction and training for board members; and matching the role and functions of non-executive directors with their part-time status. Any changes arising from the investigation will start coming into force, it is expected, by the end of the year.

Mr Andrew Foster, controller of the Audit Commission, who also addressed the conference, said he suspected that fraud and corruption in the NHS was much less widespread than a few serious cases might suggest.

The task force, to be headed by Sir Duncan Nichol, NHS chief executive, will concentrate on four areas - the role of non-executive directors in finance and audit; reinforcement of the health services' public-service values; better induction and training for board members; and matching the role and functions of non-executive directors with their part-time status. Any changes arising from the investigation will start coming into force, it is expected, by the end of the year.

Mr Andrew Foster, controller of the Audit Commission, who also addressed the conference, said he suspected that fraud and corruption in the NHS was much less widespread than a few serious cases might suggest.

The task force, to be headed by Sir Duncan Nichol, NHS chief executive, will concentrate on four areas - the role of non-executive directors in finance and audit; reinforcement of the health services' public-service values; better induction and training for board members; and matching the role and functions of non-executive directors with their part-time status. Any changes arising from the investigation will start coming into force, it is expected, by the end of the year.

Mr Andrew Foster, controller of the Audit Commission, who also addressed the conference, said he suspected that fraud and corruption in the NHS was much less widespread than a few serious cases might suggest.

The task force, to be headed by Sir Duncan Nichol, NHS chief executive, will concentrate on four areas - the role of non-executive directors in finance and audit; reinforcement of the health services' public-service values; better induction and training for board members; and matching the role and functions of non-executive directors with their part-time status. Any changes arising from the investigation will start coming into force, it is expected, by the end of the year.

Mr Andrew Foster, controller of the Audit Commission, who also addressed the conference, said he suspected that fraud and corruption in the NHS was much less widespread than a few serious cases might suggest.

The task force, to be headed by Sir Duncan Nichol, NHS chief executive, will concentrate on four areas - the role of non-executive directors in finance and audit; reinforcement of the health services' public-service values; better induction and training for board members; and matching the role and functions of non-executive directors with their part-time status. Any changes arising from the investigation will start coming into force, it is expected, by the end of the year.

Mr Andrew Foster, controller of the Audit Commission, who also addressed the conference, said he suspected that fraud and corruption in the NHS was much less widespread than a few serious cases might suggest.

The task force, to be headed by Sir Duncan Nichol, NHS chief executive, will concentrate on four areas - the role of non-executive directors in finance and audit; reinforcement of the health services' public-service values; better induction and training for board members; and matching the role and functions of non-executive directors with their part-time status. Any changes arising from the investigation will start coming into force, it is expected, by the end of the year.

Mr Andrew Foster, controller of the Audit Commission, who also addressed the conference, said he suspected that fraud and corruption in the NHS was much less widespread than a few serious cases might suggest.